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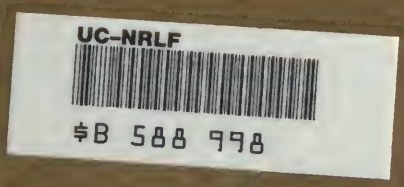

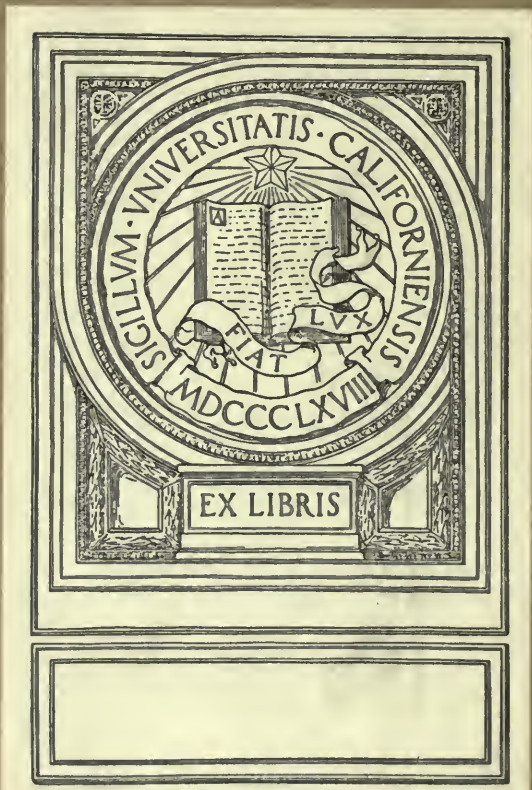
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The Status of Americans in Mexico

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BULLETINS

OF THE

AMERICAN ASSOCIATION OF MEXICO

1921

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The American Association of Mexico

112 PARK AVENUE ❦ ❦ NEW YORK

UPON request by letter, this Association will forward copies of its collected bulletins to persons interested in Mexican affairs. Members and others who receive this pamphlet are advised that, if they wish copies sent to friends, they should furnish names and addresses without delay as the edition is limited. Applications should state whether the English or Spanish text is desired.

The Status of Americans in Mexico

BULLETINS

OF THE

AMERICAN ASSOCIATION OF MEXICO

1921

PUBLISHED BY

The American Association of Mexico

112 Park Avenue, New York

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FOREWORD

FROM its inception, the American Association of Mexico has directed its activities toward securing justice for Americans in Mexico. It has labored to secure protection for the legally acquired rights of our nationals resident in that country. It has stood, and it stands, upon the principles contained in the program enunciated by Secretary of State Hughes, convinced that friendly relations established upon such terms will possess the essential quality of permanence. It believes that temporary adjustments would prove harmful to both peoples, that fundamental questions at issue must be settled before these two neighbors can live together in harmony upon a basis of goodwill and real reciprocity.

First of any of the organized bodies which have to do with the protection of American interests in Mexico, the American Association of Mexico made public announcement that it was opposed to the recognition of any Mexican government until just and fair treatment and proper legal status were assured for such interests. Previous to the announcement of the Hughes policy, on January 31, 1921, this Association published its program, embodying this principle. It was actuated by a desire to see justice done; in no sense was this organization moved by a spirit of hostility to Mexico and things Mexican.

This Association has the most friendly interest in the Mexican people; it is the enemy of no individual Mexican administration; it does not advocate armed intervention in Mexico, nor has it done so in the past. As an American organization the field of this Association is restricted; it must confine its work to those things which touch Americans and their legally acquired interests. It takes pride in the fact, however, that the organization and its directors have advocated no program and no set of principles which would not benefit Mexicans fully as much as Americans and other foreigners.

The suspension of negotiations between Mexico and the United States with respect to recognition, due to the definite and final refusal of Mexico to comply with the conditions

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of the American government is regarded as a propitious time to comply with the requests of many Mexicans, as well as Americans interested in Mexico, for a complete collection of our bulletins in convenient form. A decision was reached to issue this pamphlet in both an English and a Spanish edition. To the collection of eight bulletins has been added a hitherto unpublished paper on certain phases of the Mexican question, the essential features of which were placed before Secretary of State Hughes in the form of a memorandum. In fact, this collection of documents comprises the case of Americans in Mexico as presented to our State Department by the American Association of Mexico. The reader will find in this pamphlet a faithful presentation of our policies and purposes in the past; these remain, without change, the principles and policies of this Association today.

THE AMERICAN ASSOCIATION OF MEXICO.

January, 1922.

PROGRAM ADOPTED BY THE AMERICAN ASSOCIATION OF MEXICO

(Issued January 31, 1921)

That no government in Mexico be accorded recognition by the American Government until it has agreed to the following conditions:

1. The return to their owners of all properties of American citizens confiscated or administered by the Mexican government.

2. An acknowledgment of the duty of the Mexican government to reimburse American citizens for damages suffered during the series of revolutions beginning in 1910, and the appointment of a joint commission to determine such damages.

3. The elimination of all provisions of the Constitution of 1917 that have as their effect the confiscation of property of American citizens. This includes the articles that provide for the nationalization of the oil-bearing subsoil of private property, and other stipulations furnishing a basis for the confiscation of American holdings.

4. The elimination of those provisions of the Constitution of 1917 that impose restrictions on the development of American enterprise in Mexico, or an agreement not to apply them to American citizens. Among these are the restrictions with regard to the purchase of rural and city real estate, and those forbidding the acquisition of mining and oil properties by American citizens.

5. The elimination of the humiliating provision of the Constitution of 1917 that requires that an American citizen shall waive the benefits of his nationality in acquiring property of any kind.

6. The elimination of the provision of the Constitution of 1917 that forbids an American clergyman of any denomination to exercise his sacred office in Mexico.

7. The elimination of the provision of the Constitution of 1917 that authorizes the federal executive to expel an American citizen from the country without cause and without trial.

8. The removal of all other governmental restrictions on legitimate American enterprise.

LEGAL STATUS OF AMERICAN CITIZENS IN MEXICO UNDER THE CARRANZA CONSTITUTION OF 1917

(BULLETIN No. 1—Issued April 20, 1921)

1. An American citizen may be deprived under a number of pretexts, by executive decree, of land already acquired in Mexico.

2. An American citizen is deprived of the right heretofore enjoyed of acquiring land. He must now, in each case, ask permission from the president or governor, depending on the location of the land; the executive may arbitrarily grant or deny permission. He must also file with the Mexican Department of Foreign Affairs a waiver of his citizenship with respect to such land, that is, he must renounce his right to appeal to his government for protection, under penalty of forfeiture of his property if he should violate this undertaking.

3. In the case of non-urban land, if an American citizen should succeed in securing a permit, his right to purchase and retain the property will still be subject to a program of socialistic legislation in the several states which attaches to titles such insecurity as to affect materially the value of his holdings.

4. Whether urban or non-urban, under no conditions may an American citizen acquire real property within sixty miles of the land frontiers of Mexico and within thirty miles of either coast. These zones comprise about forty per cent. of the area of the Mexican republic, and include some of the most desirable land in Mexico and the land which American citizens would most naturally wish to purchase. The effect of this prohibition, for example, is to prevent an American from purchasing real estate in the Tampico oil field and in the other prospective fields along the entire coast of the Gulf of Mexico.

5. In the prohibited zones just mentioned, American citizens will not even be permitted to retain real estate which they acquired prior to 1917. There is pending before

the Mexican Congress a bill presented by Carranza which provides for the virtual confiscation thereof.

6. An American corporation may no longer acquire title to real property in Mexico.

7. American citizens may no longer acquire title to agricultural land through a Mexican corporation; it is generally believed that, by implication, grazing lands are also included in this prohibition. This provision, and the one mentioned in Paragraph 3, effectively put an end to colonization and the purchase by Americans of small farms in Mexico, and such was the design of the framers of the Constitution.

8. To acquire title to oil or mineral rights, an American citizen must likewise waive his citizenship as defined in Paragraph 2.

9. To acquire title to stock or bonds in a Mexican corporation, an American must likewise waive his nationality and his privilege of diplomatic protection.

10. The Carranza Constitution provides for the confiscation of the oil-bearing subsoil of properties owned or leased by American citizens in accordance with previous Mexican law. This affects thousands of Americans of small means who own land in fee throughout the Republic acquired before this Constitution went into effect.

11. An American clergyman may no longer, under any circumstances, exercise his office in Mexico; he may not do so even by becoming a Mexican citizen.

12. An American citizen may be expelled from Mexico by arbitrary order of the President, without right of trial by the Mexican courts or of appeal to his own government.

PROTECTION FOR AMERICAN CITIZENS ABROAD

If We Are to Extend Foreign Trade, the Rights of Our Nationals Residing In Other Countries Must Be Assured

(BULLETIN No. 2—Issued May 15, 1921)

The American Association of Mexico has taken a firm stand on the platform that neither the present Mexican government nor any Mexican government should be accorded recognition by the American government until an agreement is made in which the Mexican government shall give pledges to restore to American citizens the rights of which they have been deprived through an illegal constitution enacted by the military faction of which Carranza was the head. This Association was led to this conclusion not only because of the strict justice of such a demand, but because it is of fundamental importance in the development of our foreign trade that the rights of Americans resident in foreign countries be fully respected in accordance with the guarantees of international law and the precedents established by common acceptance among civilized nations in their relations with one another.

It has been the too common practice during recent years to group all Americans resident in other lands under the title of "expatriates" with all the contemptuous implication which the word carries with it in every day usage. We are firm in our conviction, however, that our nationals resident in new and undeveloped countries are entitled with very few exceptions to the highest praise as business pioneers doing a work vital to the future welfare of the United States. The American business man living in Mexico must possess the sterling virtues and high courage of the pioneer if he is to weather the storm of revolution and hostile laws which has beat about him. It is a disgrace to this country that he should have been permitted to play a lone hand.

We are pleased to reproduce, therefore, the statesmanlike exposition of basic principles by Senator Henry Cabot Lodge, Chairman of the Senate Committee of Foreign Re-

lations, in a speech on the Colombian treaty delivered in the Senate on April 12th, 1921. Senator Lodge said:

> "We must stand behind our own people wherever they may be in the world, whether in business or merely as travelers. **In this direction, the United States has been careless and indifferent and in some instances, notably in Mexico, much worse than careless.** If we are to extend our foreign trade in South America and the East, Americans who invest their money in those countries and who live according to the laws of the foreign country in which they are placed, must always be sure that they have behind them their own government and that they will receive the protection to which they are entitled. Our Government in the past has in certain cases actually gone to the point of taking the position that an American citizen or an American corporation making investments in another country was not entitled to any protection, that they were to be frowned upon instead of encouraged. I regard this as an absolutely false policy, and if we persist in it we shall not only make the expansion of our commerce impossible, but we shall find ourselves very much weakened in securing those articles necessary to our business life and to the life of our people, like oil, rubber, and other great raw materials of equal importance. If American capital is willing and ready, with the assurance that its rights are to be protected in foreign countries, to invest in those countries and thereby develop and enlarge our trade, it should be encouraged and praised, not berated and attacked."

Such eminent Americans as President Warren G. Harding, Secretary of State Charles E. Hughes and Secretary of Interior Albert B. Fall, have given public expression to opinions entirely in harmony with the views set forth by Senator Lodge and with particular application to our relations with Mexico.

In his speech as Chairman of the Republican National Convention in Chicago, June, 1916, Mr. Harding said:

> "Whatever the ultimate solution may be, history will write Mexico as the title to the humiliating recital of the greatest fiasco in our foreign relations. Uncertainty, instability, Mexican contempt and waning self-

respect will be recorded in every chapter, and the pitiable story of sacrificed American lives and the destruction of lawfully-held American property will emphasize the mistaken policy of watchful waiting and wobbling warfare.

"When the spirit of American accomplishment, or the mercies of American ministration, or the inclinations of American teaching, or the adventures of American development take our people abroad, under the compacts of civilization, they have a right to believe that every guaranty of American citizenship goes with them. When it does not we have forfeited the American inheritance."

At Marion, Ohio, July 22, 1920, in his speech accepting the Republican nomination for the Presidency, Mr. Harding referred to the Mexican situation as follows:

"I believe there is an easy and open path to righteous relationship with Mexico. It has seemed to me that our undeveloped, uncertain and infirm policy has made us a party to the governmental misfortunes in that land. Our relations ought to be both friendly and sympathetic; we would like to acclaim a stable government there and offer a neighborly hand in pointing the way to greater progress. It will be simple to have a plain and neighborly understanding about respecting our border, about protecting the lives and possessions of American citizens lawfully within the Mexican dominions. **There must be that understanding else there can be no recognition, and then the understanding must be faithfully kept.**"

Mr. Hughes, in replying to the committee which notified him of his nomination as the Republican candidate for the Presidency in 1916, said:

"We demand from Mexico the protection of the lives and property of our citizens and the security of our border from depredations. Much will be gained if Mexico is convinced that we contemplate no meddlesome interference with what does not concern us, but that we propose to insist in a firm and candid manner upon the performance of international obligations. To a stable government, appropriately discharging its international duties, we would give ungrudging support."

Addressing the National Association for the Protection of American Rights in Mexico, in a letter dated January 19, 1921, Senator Fall outlined his views on Mexico, insisting that Americans damaged by Mexican revolutions should receive proper reparation and that Americans should not be deprived of their rights by the Carranza Constitution of 1917. Referring to a written agreement or protocol as a prerequisite for recognition of Mexico by the United States, Senator Fall said:

> "So long as I have anything to do with the Mexican question, no government in Mexico will be recognized, with my consent, which government does not first enter into a written agreement practically along the lines suggested."

Both the great political parties in the United States in their national platforms insist that Mexico give guarantees of intent to protect American rights before recognition is accorded Mexico by the American government. The Mexican plank of the platform of the Republican National Convention of 1920 says in part:

> "We should not recognize any Mexican government, unless it be a responsible government willing and able to give sufficient guarantees that the lives and property of American citizens are respected and protected, that wrongs will be promptly corrected, and just compensation will be made for injuries sustained. The Republican party pledges itself to a consistent, firm and effective policy towards Mexico that shall enforce respect for the American flag and that shall protect the rights of American citizens, lawfully in Mexico, to security of life and enjoyment of property in accordance with established principles of international law and our treaty rights."

The Democratic National Platform adopted at San Francisco in July, 1920, has this to say of the Mexican question:

> "When the new government of Mexico shall have given ample proof of its ability permanently to maintain law and order, signified its willingness to meet its international obligations and written upon its statute books just laws under which foreign investors shall have rights as well as duties, the government should

receive our recognition and sympathetic assistance. Until these proper expectations have been met, Mexico must realize the propriety of a policy that asserts the right of the United States to demand full protection for its citizens."

The recognition or non-recognition of the Mexican government is a great national question. It is in no sense a partisan issue. This is clearly shown by the quotations from the platforms of the two dominating political parties in this country. Furthermore, the recent Democratic administration placed our Government on record when Secretary of State Robert Lansing protested formally to the Carranza government against the confiscatory and anti-foreign clauses of the Constitution of 1917. This protest was entered before the constituent convention at Queretaro had adopted the final draft of the Constitution. The convention contemptuously ignored the American protest. This protest has never been withdrawn.

The provisions against which objection was made outrage justice and act in definite restraint of our foreign trade. Moreover, as already pointed out by Senator Lodge, they tend to weaken us in securing "those articles necessary to our business life and to the life of our people, like oil, rubber and other great raw materials of equal importance." In other words, respect for our rights in Mexico affects the welfare and interests of every American citizen even though he has not a cent invested in Mexico and never expects to have.

We feel that the quotations from opinions of the leaders in the present administration will serve to reassure those interested in a just and proper solution of our problems with Mexico that American rights in that country will be fully protected. They show that the foremost men of the government are fully and correctly informed with regard to the real issues in Mexico.

The opinions quoted give hope that the American foreign policy in general, and particularly with respect to Mexico, is soon to be turned right side up again; that instead of attempting to dictate to Mexico and say to her that she shall or shall not have a certain man for president, we shall get back to the sane and proper policy of demanding from Mexico, as from any other country, just treatment for

American citizens in Mexico and adequate protection for their lives and property.

Just how Mexico shall reinstate Americans in their rights, provided it is done effectively, under what form of government Mexico shall be ruled, or by whom that government shall be administered, are internal matters for Mexicans alone to decide.

We believe, however, that to demand protection of our nationals in Mexico is the right and duty of the American government.

ESSENTIALS OF A JUST POLICY TOWARDS MEXICO

Memorandum Presented to the Honorable the Secretary of State of the United States on the 11th Day of April, 1921, by the American Association of Mexico in Which It Submits Its Views With Respect to the Mexican Situation

(BULLETIN No. 3—Issued June 20, 1921)

The American Association of Mexico desires to present its views on the Mexican situation for the consideration of the American Government in the formulation of its Mexican policy. The importance of our Mexican relations and the underlying facts are so well known to the Secretary of State that discussion of them here would be superfluous.

In the formulation of a Mexican policy it is apparent that three fundamental considerations present themselves.

First, the status of American citizens in Mexico and the attitude of the American Government toward those citizens.

Second, the effect of the American policy on other foreigners in Mexico and on the relations of other countries with the Mexican government.

Third, the effect of the American policy on the Mexican people.

In our opinion, the prime duty of the American Government is to its own citizens, and requires insistence upon the following points:

First, just reparation for the lives of Americans killed and for property damaged in the series of Mexican revolutions.

Second, restoration to American citizens of the rights they enjoyed prior to the enactment of the Carranza Constitution of 1917.

Third, guarantees for the protection of American citizens and their property in the future.

The fortunes of Mexicans, Europeans and Americans in Mexico are so linked together that justice to any one class will bring tranquility and happiness to all. Our obligations to foreign governments arising from our traditional policy on this continent, and humanitarian considerations for the welfare of the Mexican people, will be cared for automatically

as a natural result of safeguarding the lives and property of American citizens by a firm and just attitude on the part of our Government.

Two questions at once present themselves to our mind in considering the Mexican policy of our Government. First, will the American Government acquiesce in the continued refusal of the Mexican government to do justice to American citizens? And, second, if the American Government does not acquiesce in such treatment, what course will it pursue to remedy this situation? On the assumption that the general expressions from the present administration indicate a return to the policy of protection for American interests abroad, which, naturally, must include Mexico, we beg to submit a few suggestions for the consideration of our Government in formulating a policy for the effective protection of American citizens in Mexico.

The American Association of Mexico is of the opinion that neither the present Mexican government nor any Mexican government should be accorded recognition by the American Government until an agreement is made in which the Mexican government shall undertake to compensate Americans who have suffered in the series of revolutions which have afflicted that country since 1910, and shall give pledges to restore to American citizens the rights of which they have been deprived through an illegal constitution enacted by a military faction.

In considering this matter, it is important to bear in mind that, while there has recently been a change in government in Mexico, there has been no real change in either party or policy. The same military faction has controlled Mexico for the past seven years. No distinction can be drawn between the Carranza government and that of General Obregon, since they represent the same party and are composed of virtually the same men. It is of the utmost importance that this fact be fully appreciated. It was General Obregon who first occupied and held Mexico City for Carranza in 1915. When the American Government protested against his conduct there, it directed the protest to Carranza at Vera Cruz. Parenthetically, in view of demands for unconditional recognition, the following excerpt from this protest is now of interest:

"The Government of the United States has noted with

increasing concern the reports of General Obregon's utterances to the residents of Mexico City. The Government believes they tend to incite the populace to commit outrages in which innocent foreigners within Mexican territory, particularly in the City of Mexico, may be involved. This Government is particularly impressed with General Obregon's suggestion that he would refuse to protect not only Mexicans but foreigners in case of violence, and that his present manifesto is a forerunner of others more disastrous in effect. . .

"The Government of the United States is led to believe that a deplorable situation has been wilfully brought about by Constitutionalist leaders and forces upon a populace submissive to their incredible demands, and to punish the city on account of refusal to comply with them. When a factional leader preys upon a starving city to compel obedience to his decrees by inciting outlawry and at the same time uses means to prevent the city from being supplied with food, a situation is created which it is impossible for the United States to contemplate longer with patience. Conditions have become intolerable and can no longer be endured."

General Obregon was later Secretary of War in the Carranza government. Under leave of absence as a general in the army, he conducted his campaign for the presidency and in the course of this campaign headed the revolution which overthrew Carranza. Nearly all of the members of the Obregon cabinet formed a part of Carranza's government. Pani, now Minister of Foreign Affairs, was Carranza's Minister to France; Calles, now Minister of Interior, was Carranza's Minister of Commerce and Industry—he secured a few weeks' leave of absence to start the revolution against Carranza in Sonora; de la Huerta, now Minister of the Treasury, was governor of Sonora, first appointed by Carranza; Zubaran, now Minister of Commerce and Industry, was Carranza's Minister to Germany; Ortiz Rubio, Obregon's Minister of Communications until a few weeks ago, was governor of Michoacan under Carranza. The officials in the Department of Commerce and Industry who had charge under Carranza of the scheme to confiscate American oil properties, are still there in the same capacity.

When the Carranza-Obregon party began its revolution,

Americans had suffered only the incidental consequences of revolutionary strife. Until that time, Mexico's laws with reference to foreigners and to property rights were in keeping with the practice prevailing in the most civilized countries. The Mexican government, by constant effort through a quarter of a century, had established for Mexico a well-earned reputation for recognizing and complying with its national and international obligations.

With the rise to power of the Carranza-Obregon party, the policy of the Mexican government changed. This military faction came into power on a program of war on Americans, war on property rights, and war on religion. It is unnecessary to recount here the pathetic story of the wanton destruction of American lives, in many instances by soldiers in the service of the government, of the contempt with which the Federal authorities treated the representations of the American Government, and of the action of the courts in withholding punishment from military assassins and bandits alike. The long list of these outrages is a matter of record in the State Department. Only one case of reparation during all of these years has come to the knowledge of the American Association of Mexico, and that an award of damages for the death of an American while Mexico City was in the possession of a faction at war with Carranza and Obregon. The American Association does not know of a single instance of punishment for the murder of Americans.

We believe that now is the time to settle all the differences that exist between the American Government and the de facto government of General Obregon. To defer settlement until after the recognition of that government would be to repeat, with more dangerous consequences, the mistake that was made in the recognition of the Carranza government, and to render future negotiations difficult by the introduction of matters foreign to the relations of the two countries.

The necessity of a formal agreement with the present Mexican government will be readily seen when it is recalled that the Carranza government was given de facto recognition on the basis of a proclamation which that government issued to the Mexican people, the text of which had been approved by the American Government in advance, and of a public statement by the Carranza representative at Washington, in both of which the most ample assurances were

given of protection to American citizens and the recognition of their rights. Hardly had recognition been granted when the Carranza government began by executive decree its anti-American program, which culminated in the adoption, by the Carranza military faction, of the so-called Constitution of 1917. The Carranza government was granted de jure, but conditional recognition, by the presentation of Ambassador Fletcher's credentials on March 3, 1917, after protest against various articles in the constitution, and after verbal assurances had been given to Ambassador Fletcher by Carranza's Minister of Foreign Affairs that such articles would not be invoked to the detriment of American interests.

The Carranza constitution destroys the foundation of private property in Mexico and establishes a basis for the gradual elimination of American citizens from business enterprises in that country. We will not take the time of the Secretary to analyze this instrument with respect to its effects on American citizens, but will merely recall to his mind that under this so-called constitution, American citizens have been deprived of the right to purchase real estate in Mexico, an American minister of the gospel may not exercise his sacred office in that country under any circumstances, an American citizen may be expelled by the federal executive without right of trial by Mexican courts or of appeal to his own government, that he may be deprived of his real property by executive decree, and that in the acquisition of any property he must renounce his citizenship and waive his right to diplomatic protection.

This constitution has been accepted unchanged by the government of General Obregon, and if this government is recognized by the American Government, the disabilities of American citizens will be crystallized and rendered permanent. Both before the adoption of the so-called Constitution of 1917 and subsequent thereto, the American Government protested against the anti-foreign provisions of that instrument. So far as we know, those protests have never been withdrawn, nor has the American Government recognized the validity of those provisions.

The recognition now of the Obregon government without a prior written agreement as to the effects of the constitution on American citizens would, in our opinion, constitute an embarrassing acceptance of the constitution and the

validity of laws based thereon, and might be tantamount to a waiver of the rights of American citizens in that country. It would probably have the effect of placing the American Government in the disadvantageous position of submitting, or refusing to submit, the determination of these matters to foreign powers who might with propriety offer their good offices in the arbitration of differences between the American Government and a Mexican government, recognized by the American Government, and in consequence thereof recognized by all other governments.

This Association does not subscribe to the belief which prevails in some quarters that the United States should consult Latin America in the determination or execution of its policy with respect to Mexico. Nevertheless, we feel that unnecessary complications and much criticism would be avoided by securing a definite and binding agreement with Mexico as a basis for recognition, an agreement which can only concern the American Government and the de facto Mexican government. Negotiations would assume a different form if the United States should first, by extending recognition, give to the Obregon administration the status of a de jure government. Prior to recognition we deal with a dominant revolutionary faction, to which we may give or withhold recognition as best suits the interests of our people; subsequent thereto we deal with a government, and in making demands lay ourselves open to the charge of attempting to impose our will on a weaker government, constituted and accepted under the rules of international law.

It is patent that a fundamental basis for the recognition of a government is the ability and intention of that government to comply with its international obligations. We submit that the espousal of the Carranza constitution by the present de facto government of Mexico constitutes in itself indisputable evidence of intention not to comply with such obligations.

The American Association regards the choice of an ambassador as an important part of the Mexican program of the American Government. While we realize that, previous to recognition, consideration of this matter would be premature, we ask that we be permitted to avail ourselves of this opportunity to present for consideration some phases of this matter that have impressed themselves on us in our

long residence in Mexico. We trust that our suggestions will be understood to be tentative and general and as being made in an endeavor to present to the American Government a view of the situation that particularly impresses us as residents of Mexico. Also, it has seemed to us that it might not be inappropriate to express our views because of the active campaign in connection with the selection of an ambassador that is now being made in the United States, apparently on the assumption that the Mexican de facto government has the right not only to demand recognition, but to be heard in the selection of an ambassador.

Some years ago, the American Government, in recognition of the importance of its relations with Mexico and of its responsibility to its own citizens and to other nations as well, raised its diplomatic post there to the dignity of an embassy. Today the American Ambassador is the only diplomat in Mexico holding that rank, and, as such, is the dean of the diplomatic corps and its leader and spokesman. If that post has been important in the past, when the relations of the two countries were formal and cordial, how much greater responsibility it will bear now as the channel for the expression of important policies of far-reaching influence?

From our observation, we would submit that the character, attainments and prominence of the American ambassador are of peculiar importance and grave concern. This is evidenced by the interest now manifested in this selection by the Mexican press and by the diplomatic corps in Mexico City. We believe that our new ambassador should, of course, be a man without business interests in Mexico and one who has not represented such interests; he should be free from the local border point of view and should be unencumbered by present or past factional relations in that country.

The next ambassador should measure up fully to the requirements of his position in this delicate situation. If not selected from the corps of trained diplomats who have seen service abroad, he should, in our opinion, be an American of national prominence who would lend prestige to the post and whose appointment would in itself be an indication to Mexico and the world of the importance which the American Government attaches to the execution of its policy in Mexico.

While the American Association has no candidate for the Mexican post, it would suggest as illustrating the type of

man it has in mind, such Americans as John Bassett Moore, David Jayne Hill and General Leonard Wood.

The Association is of the opinion that the next ambassador to Mexico should be a man of wide vision, free from present or previous connections which would give suspicion of biased judgment. Such qualities would enable him to judge wisely of men, conditions and events. His opinions would be accepted by his own Government and would carry weight in Mexico and abroad.

THE INTERNATIONAL FACTOR IN MEXICO'S INTERNAL POLITICS

A Sound American Program Based on American Rights Not the Road to Intervention

(Not Issued as a Separate Bulletin—April 16, 1921)

Though the Harding administration is little more than a month old pressure is already being brought to bear on high officials at Washington for immediate and unconditional recognition of the Obregon government. Special envoys are employing methods similar to those used in the cases of Carranza and others. It is urged that Obregon is the only available man capable of giving Mexico a just government, that his overthrow would mean chaos, as a result of which Americans resident in Mexico would suffer in their persons and business, and armed intervention on the part of the United States would become compulsory. These and other related matters were brought up in the audience granted by the Secretary of State on April 11, 1921, to committees from the American Association of Mexico and the National Association for the Protection of American Rights in Mexico. To make its position clear, the American Association has submitted a supplementary memorandum to Secretary Hughes covering the following points:

1. The statement that General Obregon is the only man in Mexico capable of giving the country a just government is far from the truth. A nation that could in a single generation produce Porfirio Diaz, Limantour, Pablo and Miguel Macedo, Ignacio Mariscal, Justo Sierra and many others of the type could not be entirely lacking today in men of political and executive ability. Men of this type do not hold office now, as their political activity has been proscribed by the Carranza and Obregon governments and consequently they are not known abroad. They are intimidated and helpless under present conditions because they believe it to be the deliberate policy of the American government that individuals like Carranza and Obregon should rule Mexico. These Mexicans have sufficient knowledge of international relations and world conditions to appreciate the necessity, today as never before, for Mexico to be in close harmony with the United States. They realize that in working out

the problems of Mexico's reconstruction after ten years of internal strife, the friendly cooperation of this country is imperative.

2. The negotiations between the representatives of President de la Huerta and Secretary of State Colby were abandoned when the then head of our State Department suggested that verbal assurances of reforms be embodied in a convention to be signed by both countries. That incident illustrated the elusiveness of representatives of successful Mexican revolutionists in the matter of binding promises. This Association believes that such a protocol or treaty is a necessity to assure American rights in Mexico and holds that speculation as to the inclination or ability of General Obregon to sign a convention of this character are beside the question. It is our judgment that the American government should not deviate from a sound policy of requiring such an agreement, whatever the temporary consequences. If General Obregon fails to sign a convention because he is unwilling or unable to do so, in our opinion he is not entitled to recognition.

3. This Association is informed that Mexican envoys have urged upon our government the expediency of conducting negotiations confidentially, alleging that a public announcement of an American policy containing demands upon the Obregon administration might embarrass him and contribute to the overthrow of his government. Suggestions from outsiders, on this point, in our opinion overstep the limits of propriety. It is to be presumed that the negotiations will be conducted in a manner conducive to securing the ends desired. However, it is the view of this Association that in the event of failure of negotiations to secure a treaty or other convention, the policy of the United States should be publicly announced, as a matter of justice to the American people and in order to give the Mexican people opportunity to remedy the situation if they so desire.

4. This Association is informed that an effort is being made to secure recognition from our government on the ground that chaos in Mexico would result from the fall of the Obregon government. In the judgment of the American Association, it is imperative that our government adopt a policy based solely on principles of right and justice and regardless of temporary effects in Mexico or the attitude of

General Obregon. This Association prefers a temporary state of chaos in Mexico to a continuance of present conditions. It believes, in making this statement, that it voices likewise the general feeling of Americans in Mexico, and has no doubt that it expresses the opinion held by the Mexican people. Americans there have been ready and willing during the recent years of trouble to take whatever chances might come in consequence of the action of their government in making vigorous representations to the Mexican government. We submit that the record of the last ten years proves that American lives and property have been destroyed, not as a result of just demands upon Mexico, nor even during the several periods of physical intervention, but on the contrary almost invariably because of a weak and vacillating policy based on a misconception by our government of its duties.

5. This Association is an ardent advocate of returning to the practice of formulating a policy based on the rights of American citizens—if the policy be sound, the result must be beneficent. To speculate upon the effects on internal Mexican politics would be to bring into the formulation of our policy considerations that are not sanctioned by the precepts of international law.

6. The American Association has not regarded it to be within its province to advocate any particular remedy for the Mexican problem. It has limited its efforts to pointing out the menace to American citizens in the present situation, and to advocating the non-recognition of any Mexican government until this menace shall have been removed. The officers of this Association, however, do not hesitate to express their opinion as individuals (the Association itself cannot have an opinion in this matter) that the alternative to General Obregon is not armed intervention but rather a state in which Mexico shall be ruled by those of her citizens who have conceptions of the national and international duties of the Mexican government. A continuance of President Obregon on a basis other than unreserved recognition of the rights of American citizens, which will bring as a corollary justice to other foreigners and to Mexicans, is the sure road to armed intervention, just as the recognition of the Carranza government was the first step toward the present situation bordering on intervention. We are getting

away from intervention when we cease attempting to dictate who shall, or who shall not, be president of Mexico, and get back to the sane and unassailable principles that should guide one government in its relations to another.

7. We cannot emphasize too strongly the fact that the Mexican people are not in sympathy with General Obregon in his espousal of a constitution which must eliminate the American from Mexico, just as they were not in sympathy with Carranza in this respect. We believe that if it should become known that the American government has refused to recognize the Obregon government because of its failure to agree to do justice to Americans, and consequently to other foreigners in Mexico, the Mexican people would themselves apply the remedy.

8. We are convinced that the present inertness of the Mexican people is due to inability to react promptly after the intimidation and bullying to which they have been subjected by the American government for the past eight years, and that they will not believe that our government has changed its policy of meddling in their internal affairs in the interest of revolutionary chieftains until there is unequivocal indication of the new policy from the proper officials of the American government.

AMERICAN RIGHTS AND MEXICO'S LAND LAWS

Discussion of the Provisions of the Constitution of 1917 as Affecting the Acquisition and Ownership of Real Estate by Foreigners

(BULLETIN No. 4—Issued August 25, 1921)

The American Association of Mexico desires to place before its members certain observations with respect to restrictions placed upon American citizens by the so-called Constitution of 1917, denying to them the right to acquire land in Mexico. The question is one of such importance from a political and economic standpoint that the Association believes its members should be advised of the effects of this provision on the status of Americans in Mexico, on the peace and prosperity of the Mexican people and on the permanence of cordial relations between the two countries. It may be mentioned that the views embodied in this Bulletin have been placed before Secretary of State Charles E. Hughes.

With reference to allowing aliens to acquire land in Mexico, the Constitution of 1917 divides the territory of the republic into two great zones. In the prohibited zone, which comprises about 40% of the national territory, an American may not acquire land under any circumstances. In the remainder of the country, which may be termed the zone of tolerance, he is equally denied the right to purchase land but he may be permitted to do so as a matter of executive grace or favor after complying with defined conditions.

The prohibited zone consists of all land within approximately sixty miles of the northern and southern frontiers and within approximately thirty miles of either coast. It includes precisely the districts in which American citizens would, as a rule, desire to purchase land, and it is within this territory that the greater part of the American holdings in real estate now lies. Within its boundaries are the land nearest the United States, the productive land along the Atlantic and Pacific seaboards, the present Tampico oil field, and prospective oil fields along the entire Gulf Coast. It will serve to illustrate the effect of this provision to state

that not one of the four thousand Americans who make their homes in Tampico may purchase a lot in that city.

An American citizen, seeking to obtain land in the zone of tolerance, must in each case ask permission of the executive, and in the event that permission be given, he must agree to waive his right to diplomatic protection with respect to the property. While waiver of diplomatic protection is required of an American before he is permitted to acquire real estate, it is not mandatory on the executive to grant permission where this condition is fulfilled. The executive enjoys unrestricted power to grant or deny the petition as he sees fit; the law allows the petitioner no appeal or legal recourse in case his petition is denied. These conditions place the American in the position of an applicant for a privilege; he possesses no rights whatsoever under the law.

This fundamental change in Mexican law creates a situation, in our opinion, which it behooves the American government and people to face frankly as it is filled with potential trouble for the future.

The American Association is of the opinion that no government in Mexico which insists on this policy should be recognized and that it is important for our government to study the situation thoroughly and to take no step toward giving sanction to these principles without a full understanding of the far-reaching consequences of its action.

From a political and economic standpoint, the following objections lie against the provision depriving Americans of the right to own and acquire land:

1. It threatens the virtual confiscation of American-owned land in the prohibited zone.

2. It accomplishes the partial confiscation of American-owned land in the zone of tolerance.

3. Its restrictions are tantamount to a prohibition against the immigration of American farmers and ranchers desiring to settle in Mexico.

4. It inflicts a needless humiliation on Americans, which affects their standing and influence.

5. It may be used to involve us with other countries.

6. It places the acquisition of land by Americans on the

basis of a concession, thus supplying a fruitful source of difficulty between this country and Mexico.

7. It violates the principle of reciprocity.

8. It will retard the economic development of Mexico and work against internal peace.

9. If sanctioned by our government, it will establish a dangerous precedent, affecting the influence of the United States throughout Latin America.

Each of the points mentioned merits a somewhat detailed analysis and discussion. They will be considered in the foregoing order:

1. There is pending before the Federal Congress a bill submitted by President Carranza, which, if enacted into law, will authorize the Mexican government to expropriate American-owned properties in the Tampico district for a fraction of their actual value.

2. The provision accomplishes indirectly a partial confiscation of property acquired by Americans previous to the adoption of the Constitution, in that it does away with a profitable market for their land. It is proverbial that Mexicans will not pay as high a price for land as foreigners, particularly Americans. Now that aliens have been deprived of the right to purchase land, they are no longer feared as competitors and Mexicans will be able to purchase such land cheaply.

The memorandum of protest against the Agrarian Law of the State of San Luis Potosi, delivered to General Obregon by American Charge d'Affaires Summerlin in Mexico City in April, indicates that the State Department is thoroughly alive to the situation arising from government expropriation and subdivision of land without other compensation to the owners than that of worthless state bonds.

3. The provision is designed to stop American immigration and to eliminate the American citizen as a factor in the development of the resources of Mexico. If allowed to stand, it will accomplish this purpose. It erects an international spite-fence, an artificial barrier to our natural outlet to the south, and will keep differences alive as spite-fences usually do.

Mexico is within a special sphere of American influence and Mexicans and Americans resident in Mexico realize that

no Mexican government can prosper and endure unless it enjoys the cordial friendship and support of the United States. Nominally, the European powers and Japan deal directly with Mexico. In practice they take no important step without consultation with Washington, virtually holding our government responsible for its southern neighbor. The United States not only accepts this special position but insists it shall be recognized by other nations.

We feel that these hard facts should be faced frankly and given their due importance in the shaping of our Mexican policy. Failure to do so now will result in the establishment of precedents which will multiply trouble for the future. Recognition of Obregon under present conditions would be regarded as an acceptance of existing land laws and future Mexican governments would rely on this as a precedent. These laws affect other aliens as well, thus placing a double responsibility upon our government.

We would object if Mexico attempted to cede Magdalena Bay to Japan as a naval base because it would be a threat at the prestige and influence of the United States. Equally we believe our government should not recognize and support a Mexican government upholding measures working toward precisely this same end, the injury of Americans and the belittling of their influence and prestige.

Arguments based on restrictions placed by certain state governments of the United States on immigration from other countries we do not regard as pertinent. Suffice to say there are no national restrictions in the United States on the rights of a Mexican citizen to acquire real estate in this country.

Furthermore, the American landowner through his constant and compulsory contact with natives is, of all classes of Americans resident in Mexico, the best medium for establishing a more intimate understanding between the peoples of the two countries. To suppress or curtail his activities in Mexico is to put obstacles in the way of attaining a complete resumption of friendly relations on a permanent basis.

4. The requirement that an American citizen shall waive his rights to the protection of his own government when he acquires land is a humiliation which, in our opinion, the American government should not permit. If the American government regards this waiver as effective and binding,

then certainly no Mexican government should be recognized which insists on this provision. If the American government maintains that this waiver is not binding, we feel that it should not permit its citizens to be humiliated by submitting to it.

The waiver of diplomatic protection also has its effect in this respect: Since no nation recognizes the force of such waiver, by including it in the Constitution of 1917 Mexico assumed the position of gratuitously providing a cause for diplomatic differences with other countries. The very fact of the requirement is evidence of intention to commit wrongs calling for diplomatic interposition.

The American citizen who does business in Mexico is reminded each day of the inferior position which he occupies. This provision is in its very nature anti-American and its inclusion in nearly all contracts that Americans make in itself forecasts the intention of the Mexican government to deprive American citizens of their rights. Any honorable Mexican government would not require a waiver, because such a government would realize that while he received justice at the hands of the judiciary or government officials, the American citizen would not appeal to his own government, just as he seldom appealed to his government but submitted his rights to the Mexican courts during the thirty years preceding the recent series of revolutions.

5. Since the powers of the Mexican executive in permitting aliens to acquire land are not restricted by law, but are unlimited and to be exercised at his discretion, conditions may be made so burdensome to American citizens, and they may be discriminated against to such an extent as to menace the peaceful relations of the two countries. For example, in the exercise of the authority vested in him by this law, the executive might colonize all the border states of the north, save districts in the prohibited zone, with Japanese and exclude Americans and all other aliens. Should a Mexican executive decide to show favoritism of this character at a time when our relations with Japan were strained, the reaction of our government under such conditions may be easily imagined. This contingency is not mere idle speculation, for the disposition in the past of Mexican officials to negotiate with Japan against the interests of the United States is well known.

6. The provision puts in the hands of Mexican officials

the power to extort large sums from those seeking as a privilege what they formerly enjoyed as a right. It places the acquiring of real estate by Americans on the basis of a concession or franchise, concessions being perhaps the most productive source of differences arising between this country and Latin America.

Arguments against a law under ordinary conditions are usually made with the assumption that it will be honestly and justly enforced. We submit, however, that in the Mexico of the last ten years no sound argument may be made on any other than the contrary assumption, if the law places in the hands of officials untrammeled power to grant or withhold franchise or privilege. Subornation of officials, bribery and corruption invariably result. This is true historically to so great an extent as to demonstrate that the primary object of such laws has often been to provide officials with an instrument of extortion.

7. In the United States, there is no national legislation which prohibits a Mexican from owning or acquiring land in American territory, nor is he placed at a disadvantage in this respect as compared with the American citizen. He is free to buy land along the frontier and on the seacoast. In our border states, hundreds of Mexicans own and cultivate farms. Should the United States desire to respond in kind to Mexico's land laws and exclude Mexicans from the right to own real estate in American territory, there is a legal question as to whether our government would not be inhibited from enforcing such a law in our border states because of provisions in the Treaty of Guadalupe Hidalgo. In yielding this territory, Mexico took due precaution to secure a guarantee of the free enjoyment of liberty and property for Mexican citizens resident therein. This circumstance furnishes an added reason for protest against the enforcement by the Mexican government of restrictions on Americans in the acquisition of land in Mexico.

8. It will to a vital degree retard the economic development of Mexico and the establishment of a decent standard of living for the mass of the people. Geographic proximity and our commercial and political relations make this a matter of concern to the United States.

Attention must be called to the stabilizing influence of the proper sort of immigration and the necessity for encourag-

ing the American small farmer and rancher to settle in Mexico in order to provide a needed stimulus to agricultural development.

The American farmer and ranchman is par excellence the American pioneer. He settles on the land with his family and stays there. He would be a stabilizing element of immeasurable value during troublous times. The day there are fifty to one hundred thousand such men with their families in Mexico will mark the end of revolution in that country. Disturbed conditions would not drive them from their land and homes as employes of American corporations were driven from their jobs by the rising tide of revolution. The enormity of the sacrifice and the spirit of the men would have made them stay and defend their property. It is the opinion of the American Association that if the American money invested in oil and mining and railroads in Mexico, or 10% of it, had been used by American settlers to buy lands, civil war in that country would be virtually a thing of the past.

Mexican revolutions which do not culminate quickly in a coup d'etat start with small bands scattered over the country. The majority of these are composed of bandits, pure and simple. They live upon the country, taking stock and foodstuffs from the hacendado and ranchman. The formation of revolutionary armies comes later and is a slow process. American pioneers fight for their own. Resistance to small bandit bands in the early stages would cut off Mexican revolution at the root by depriving these gangs of marauders of supplies upon which to live. We regard this as especially important because we believe that the solution of the Mexican problem essentially lies in making personal revolutions impossible.

By her land laws, as has been pointed out, Mexico effectively bars this needed element from her territory. The American small farmer, fruit grower and ranchman was just beginning to establish himself in Mexico when the Madero revolution came. Another decade of peace would have found the type so numerous as to have made general revolutionary conditions impossible. A factor for peace, he would be a greater influence still as an economic asset of Mexico, as an example of industry and thrift, and an instructor in modern methods of cultivating the soil. The

record of this class of Americans in Mexico during the latter years of Porfirio Diaz demonstrates this.

The Mexican people are facing a desperate economic situation. Foreign property has been destroyed and obligations incurred by the Mexican government amounting to hundreds of millions of dollars remain unpaid. Ranching, one of the greatest industries of Mexico, virtually has been wiped out as a result of the depletion of the live stock in that country; farm productivity has been greatly reduced and the Mexican people deprived of their cash resources by the issue of hundreds of millions of pesos in paper money, long since repudiated; banks were looted and closed, thus destroying the means of public and private credit. Taxes for the purpose of internal government have been raised to a point that borders on confiscation.

The greater part of the wealth of Mexico is in her land. Consequently, the landowner must bear the burden of the taxation that will be necessary to rehabilitate Mexico. The only possible way for him to meet this situation is to dispose of a part of his land to the best purchaser—the American citizen. There is little anti-American sentiment among the people of Mexico and the schemes of the demagogues who have controlled that country since the advent of Carranza to deprive Americans of the right to own land, are not supported by the sentiment of the Mexican people or Mexican landowners.

The principal need of the Mexican people is the development of their land, and this can best be accomplished by the example of the American farmer and ranchman. The Mexicans also need lessons in industry, in frugality and in respect for constituted authority, and these things they will learn from American neighbors. The Mexican farm laborer needs better wages, better living conditions and better schools, and his best chance to get these is to work for the industrious and humane American, whose influence for the betterment of the Mexican working class is recognized by every impartial observer in that country.

The Indians of the rural districts of Mexico do not know how to farm except in the most primitive fashion and efforts at subdivision of rural lands for their benefit have demonstrated that the majority of them care neither for the land nor for the responsibility of tilling it at their own risk, nor have they means to purchase implements or work animals.

At this point it may be well to quote from the pamphlet "Essay On the Reconstruction of Mexico," of which Mr. Manuel Calero, former Secretary of Foreign Affairs and former Ambassador to the United States; Mr. Francisco S. Caravajal, former President of Mexico and former Chief Justice of the Federal Supreme Court; Mr. Jorge Vera Estañol, former Secretary of Public Instruction; Mr. Jesus Flores Magon, former Secretary of the Interior, and other distinguished Mexicans are co-authors. The following is taken from chapter 4 on "The Naturalization and Civil Status of Aliens":

> "Article 27 of the Queretaro Constitution embodies the principle that aliens may not own real estate, nor be granted concessions covering waters, mines, and the like, except by the grace of executive authority, after the interested party has made formal waiver of the right to invoke the protection of his government.
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> "While it is true that certain countries do not grant aliens the right to acquire real estate, we are, nevertheless, of the opinion that Mexico should return to the liberal system that prevailed under the Constitution of 1857. Having due regard for the cultural and economic situation of our native population, coupled with the facts of its sparseness, it appears advisable to encourage the establishment of foreigners in Mexico. Experience has shown them to be elements of moral progress and factors in the development of public and private wealth.
>
> "Provisions fixing the civil capacity of aliens have no place in the political constitution of the republic. They belong in general statutes, in special laws on naturalization, and in international treaties. In the absence of express treaty stipulations, Mexico must accept, in general terms, the principle of equality of civil capacity of Mexicans and aliens, excepting limitations required by the principle of reciprocity, and such other limitations as arise out of the needs of domestic safety or of insurance against international complications.
>
> "With regard to foreign corporations, we believe that the incapacities placed on them by the Queretaro Constitution, in provisions similarly incongruous in a Constitution, reveal in the framers a mistaken appreciation

of the present day needs of the country. We are not opposed, in principle, to the establishment of the incapacities, insofar as they are confined to the ownership of real property; but, at the same time, we believe that the legislator should mitigate the severity of his theories when the great interests of the nation so demand. The position in which Mexico now finds herself as the result of the internecine strife and the condition of the world money market caused by the European war compel the Mexican statesmen to adopt a generous policy which shall attract to the country capital to develop our resources and contribute to the moral and economic betterment of our down-trodden people. In harmony with this policy, it is necessary to return to the former system and to permit foreign companies to enjoy the same rights they enjoyed before the Queretaro Constitution, as the most practical method of inducing foreign capital to engage in Mexican enterprises. At a later date, when the political equilibrium has been restored, when the methods of government admit of no question as to their probity, when, in a word, we have conquered the confidence abroad which we once enjoyed, the time will have come slowly to force foreign capital to operate in Mexico within the forms of association prescribed by Mexican law; but everything which at the present moment is done in this regard will affect adversely the economic progress of Mexico."

9. As a direct influence in the development of American trade, in making a market for American goods, the American settler can do more than a dozen traveling salesmen. If the precedent of barring the American pioneer is permitted to become established in Mexico, it will spread throughout Latin America to an extent such as seriously to affect our position in this hemisphere.

If the American government should recognize the Obregon government, it would thereby establish the principle that American citizens have not the right to own land in Mexico. If the American government does accept this principle, it must reconcile itself to the application of the same principle to all Latin America.

Acceptance of this doctrine as part of our Latin American

policy, in our opinion, would make it incumbent upon our government as a matter of honesty and justice to our citizens to make public announcement of the fact. Furthermore, that Americans be warned against purchasing land in Mexico even where permission is given or at least the insecurity attached to such precarious title be pointed out to them. Also, that in the treaty to be negotiated with Mexico, provision be made for compensation based on real value in the sequestration of American-owned lands in the prohibited zones.

If the American government reject the principle that an American citizen shall not have the right to own land in Mexico, then the form of an agreement with Mexico that will safeguard those rights is of the greatest importance. Rumors are current that a Supreme Court decision is to be handed down or a law passed by the Mexican Congress to solve all questions at issue between the two governments arising from the Constitution of 1917. We are at a loss to understand how either can give to American citizens the right to purchase land in the forbidden zones when the Constitution absolutely denies this right, or how either can give American citizens the unconditional right to purchase land in the rest of the Republic when the Constitution plainly provides that this right shall be conditioned on executive permission.

OIL COMMITTEE TO CONFER WITH OBREGON

Petroleum Producers Abandon Their Stand for Complete Settlement and Arrange for Negotiations on Oil

(BULLETIN No. 5—Issued August 27, 1921)

The Executive Committee of the American Association of Mexico desires to place before its members its views with regard to the departure for Mexico City of a committee composed of the presidents of five of the largest oil companies of the United States for the purpose, as announced by President Teagle of the Standard Oil Company, of "discussing, and, if possible, adjusting the differences growing out of the recent tax decrees."

We feel very strongly that it is unfortunate, just at this time, when negotiations between the American Government and the government of Mexico for a general settlement of the differences between the two countries seem to be reaching a climax, that so imposing a committee should go to Mexico and give undue prominence and importance to one phase of the international situation.

The American Association was formed last February, when it was evident that the large oil companies operating in Mexico were planning a campaign to secure temporary relief through compromises that were in no way comprehensive and that could not be considered fair to the great bulk of American interests in Mexico.

The oil companies apparently became convinced that the best policy was for all American interests to stand squarely together and support the reasonable and equitable contention of the American Government that Mexico make certain just commitments before recognition be accorded any government in charge there. The Association of Producers of Petroleum in Mexico (commonly referred to as the Oil Association) in an official statement, published on March 3, 1921, stated, that "the oil companies also realize, as anyone familiar with recent and present conditions in Mexico must understand, that the particular problem of the American petroleum producer in Mexico cannot be solved satisfactorily apart from the solution of the entire Mexican problem as it affects various American interests. Any permanent solution of the particular problem confronting the oil companies de-

pends upon a full recognition of the principles of equity and international law, the violation of which underlies the difficulties not only of the oil companies, but of all other Americans interested in Mexico. . . ."

Now, we again see the Oil Association, without consulting other interests, after making hurried arrangements, dispatch a committee to Mexico for the purpose of securing relief for the petroleum interests. This committee departs with the intention of discussing oil business exclusively, notwithstanding the repeated official declarations of the Oil Association that no satisfactory settlement of the Mexican question could be secured except as a whole. The inevitable effect of the committee's visit will be to paralyze absolutely all other and more general efforts until petroleum interests have finished their specific parleys on oil.

The prominence of the members in American business and finance cannot be divested from this committee. It will be credited with a semi-official character by the Mexican Government, and the Mexican people. And why should not this be the impression in Mexico, when the American press is already predicting the early recognition of the Obregon government because the oil companies have sent a committee to Mexico. This indicates that the press does not believe that the purpose of the committee is merely to discuss the latest tax decree, but rather that it will endeavor to settle all of the oil companies' difficulties with the Mexican government. Press notices also indicate a general belief that a settlement of the oil question will lead to recognition by the American government.

We realize that, while the announced intention of this oil committee is to adjust differences with regard to the new tax, in all probability the conference with President Obregon will not be limited to tax matters. But, just as the question of an excessive export tax is not the only problem of the oil companies, the oil companies' troubles do not constitute the entire oil question in Mexico, and the whole oil question is only one of the important items to be considered in the total case against the injustice in Mexico today in constitutional provisions, in laws and executive decrees and in official attitude, against which the responsible American interests in Mexico are aligned with the American Government.

Attempts to settle the oil companies' troubles apart from

a general adjustment of international differences can only result in the adoption of expedients that will be neither satisfactory nor lasting in benefits, and will hinder the Government's negotiation of a treaty with Mexico which would bring permanent relief to oil interests along with others, large and small, equally deserving of consideration. On the other hand, the continued cooperation of the petroleum producers with other interests in Mexico, and their support of the position of the American Government, undoubtedly would aid very materially in a settlement of the various questions regarding property rights and the interests in general of Americans in Mexico.

If, through the efforts of this formidable committee, the oil companies should be able to force a compromise on the oil tax, or secure relief in connection with their various complaints, every effort would be made by Mexico, through her active propagandists, to have such a settlement accepted as a settlement of the whole Mexican question. The Obregon government, in exchange for special concessions to the oil companies, will endeavor to gain the cooperation of these companies in securing recognition without doing justice to other American citizens.

This, we feel, must not be permitted. The American people should be made clearly to understand, and the Mexican government must also comprehend, as we know the authorities at Washington do, that an adjustment simply of the oil companies' troubles cannot by any means be considered as compliance with the requirements of the American Government and would not constitute the complete and permanent settlement of all the important questions at issue with Mexico which the present situation demands.

For instance, the right of an American citizen to buy land in Mexico, which is now denied by the Constitution of 1917, would be in no way affected by a ruling on Article 27. This point is fully discussed in Bulletin No. 4 of this Association.

In conclusion, we beg to submit herewith a brief memorandum to show that a settlement by the oil companies on a basis of the limited non-retroactive effect of Article 27, as now contemplated by the Mexican government, will not even solve the Mexican oil problem.

The views embodied in this bulletin have been placed before the Secretary of State.

THE RETROACTIVE EFFECT OF ARTICLE 27 OF THE MEXICAN CONSTITUTION OF 1917

Memorandum Pointing Out the Menace to the American Oil Industry in the Acceptance of a Limited Non-retroactive Effect of Article 27, as Now Contemplated by the Mexican Government

The future of the oil industry in Mexico should be considered in its effect on the interests of the American people, and not merely as relating to present investments in Mexico by American oil companies.

It is claimed in Mexico, and is apparently believed in some quarters in the United States, that a decision by the Supreme Court, or a law of Congress, declaring that Article 27 of the Constitution should not apply to leases held by foreign companies prior to May 1, 1917—the date the constitution became effective—would constitute a settlement of the Mexican oil question. This judicial decision is expected daily in Mexico, and a bill giving this interpretation to Article 27 has been introduced in Congress.

It must be borne in mind that until recently—and possibly even now—the demands of the oil companies did not go beyond this.

It will be perceived that this is a limited application of the principle of non-retroactivity. It is quite obvious that if Article 27 is not retroactive, it will apply merely to land which on May 1, 1917, belonged to the Mexican government, and that consequently property owners may continue freely to lease land acquired prior to that date. This would be the case whether the owners were Mexicans or Americans.

It is clear that a limited application of this principle will give temporary relief to oil companies in that it will permit them to develop the lands they acquired before May 1, 1917. It is equally clear, however, that new American capital may not under such conditions make investments safely in Mexican oil lands, and it is also obvious that the oil companies which have already invested in Mexico could not invest in new territory with assurance. It is also apparent that American citizens who acquired land prior to May 1, 1917, and who have not leased the same, would lose the subsoil without compensation, just as effectually as would the com-

panies lose their property if their leases were declared to be invalid.

The fundamental objection to this scheme is that it is unjust. There are also many other objections. They are based, of course, on the assumption that it is vital to the interests of the American people that the oil resources of Mexico be developed, and that American industry get a fair share of this oil.

1. The Carranza government did not have the right to confiscate the subsoil of land that belonged to individuals; neither has the Obregon government the right to give this effect to Carranza's laws. We presume there can be no question about this. Assuming that the oil companies enter into the agreement with the Mexican government that we have in contemplation, and that the American Government recognizes the Obregon government, this action will undoubtedly lead to the investment by American citizens of large sums in oil leases taken directly from the Mexican government on land which, prior to May 1, 1917, belonged to individuals. It is likely that the Mexican government will, within the next few years, again come under the control of its law-abiding element. In such case the Supreme Court of Mexico will undoubtedly decide that the subsoil belonged to the owners of the surface on May 1, 1917, and could not legally be appropriated by the government. The subsoil and all oil discovered therein by American capital would thereby be restored to the land owners. In such event, Americans who had invested in such leases and development would appeal to their government. What would the attitude of the American Government be then? Will the American Government insist that its citizens are entitled to their leases on the ground that the American Government recognized the Mexican government after the latter had confiscated these properties, and on the basis of such confiscation?

2. Mexico fell into the hands of the anti-American element of the population with the accession of Carranza; it is still in possession of this element. If Carranza could have secured the American Government's approval of the confiscation of the oil-bearing subsoil of Mexico, he would undoubtedly have leased this territory to German interests, or to Japanese or English. Certainly American citizens would not have secured much of this territory. If the American

Government had given its assent to the above interpretation of Article 27, it could not have objected to the right of Mexico to sell its resources wherever it pleased. The Obregon government will do likewise under similar circumstances. What will the American Government do then?

3. The most fruitful source of conflict between Mexico and the American Government is the "concession." As matters have been in the past, American citizens have competed with each other and with other foreigners on terms of equality in their efforts to secure leases from the land owners. If the Mexican government seizes the subsoil, the oil companies of all countries will concentrate their energies to dealing with the Mexican government, and Mexico City will be the seat of activities of the agents of these companies and unscrupulous concession hunters. It is easy to foresee the corruption that would result and the charges of corruption even where it did not exist. The American Government and other governments will be called upon to support their citizens in concessions which on their face are legally valid, but which are unjust in substance, with the result that this will be a constant source of friction with the Mexican government.

It will be recalled that the present Minister of Finance, de la Huerta, devoted most of his last day in office as President of Mexico to the signing of oil concessions in favor of his friends and associates. These concessions covered a considerable portion of the territory of Mexico and were given on terms that would have created great opposition among the Mexican people, if they had been negotiated. That these eleventh-hour concessions were not negotiated is due to the refusal, so far, of the American Government to recognize the confiscatory effects of Article 27. These concessions and others like them will be taken up if representatives of American oil interests accept a settlement along the lines above suggested, and if the American Government approves this settlement by recognition. The method of acquiring oil territory in Mexico then will be to apply to the relatives and friends of the President and his Cabinet. These applications will be anticipated, undoubtedly, by blanket concessions to favorites. Under such circumstances it is of interest to consider what the attitude of the American Government would be. What will our Government do when, after the

investment of millions of dollars under such concessions, a subsequent Mexican government declares them to be void because of fraud?

If the principle of non-retroactivity is really and fully applied it will give not only temporary but permanent relief to oil companies, and, at the same time, will safeguard the oil rights of other American citizens who own land in Mexico. It will also give such guarantees to Mexican citizens that the oil resources of Mexico will continue to be open to development along business lines and in strict accord with justice and law.

This is the only just and permanent solution of the oil question.

AGREEMENT OF OIL COMMITTEE WITH OBREGON GOVERNMENT

(BULLETIN No. 6—Issued September 16, 1921)

Two salient facts stand out as the result of the conference of the Committee of Five of the Association of Producers of Petroleum in Mexico held recently with officials of the Obregon government. One is the acceptance of a total tax of more than 100 per cent of the price of oil at the well and agreement to pay taxes in the future greatly in excess of imposts against which the companies protested as confiscatory at a time when oil brought two or three times its present price. The other is an apparent about-face of the companies which in the past flatly endorsed the requirements laid down by Secretary Hughes as essential to recognition of the Obregon government.

Though neither the oil committee nor the Mexican government has made public the terms of the agreement, the American Association of Mexico learns that the following are the outstanding points:

The decree of June 7 last, imposing a total tax of approximately thirty-eight cents American money a barrel, is suspended until December. The ad valorem tax under the previous decree of May 24, which amounts to approximately twelve cents per barrel, is allowed to stand except that it becomes a production tax instead of an export tax. This tax is therefore paid on all oil in storage and all oil sold within Mexico. The companies have already paid, or are in the process of paying, this tax. Since this tax is based on the price of oil, it is assumed that when oil, now worth at the well in Mexico about fifteen cents a barrel, reaches its normal price of from thirty to fifty cents a barrel, the tax will be increased proportionately. In addition to this exorbitant tax, an export tax of eight cents per barrel has been agreed upon. The total oil tax is therefore now twenty cents American money per barrel. The highest tax in the United States is levied in Oklahoma—3 per cent of the value of the oil. At present, the Mexican tax is forty times as great.

This agreement merely lasts until December 25 of this year, at which time taxes are to be adjusted and, if past procedure be adhered to, increased. The final decision in

this matter rests with the Mexican government. One effect of the settlement is that oil companies have for the first time deviated from their policy of paying taxes under protest on the ground that they were confiscatory and collected under duress, and have now accepted this tax as just. This is inferred from the terms of the agreement and is further confirmed by Mr. Teagle's statement to the effect that "we feel the adjustment made represented concessions on both sides and was all that could be desired in the circumstances." When the price of oil was much higher than it is today and taxes were much lower, the oil companies protested to the American Government and the American people that such taxes were confiscatory.

It will be noted that the large corporations represented by this committee have succeeded in shifting a part of the burden of taxation to the small producer. Americans of small means, who do not control pipe line outlets to the sea, have within the last eight months invested more than four million dollars in the drilling of wells. These men are not represented in the Oil Association and consequently have had no voice in this agreement. Another effect of changing the major part of the tax from an export to a production tax will be that the Mexican government will not be under the obligation of devoting this new tax to the payment of its foreign debt. It will be recalled that the Obregon government was committed to this policy. On June 13 last, the Mexican embassy in Washington issued the following statement:

> "The Mexican embassy has been authorized to officially announce that the President of the Republic, in a decree dated the 12th instant, directed the Minister of Finance to issue the necessary order to the effect that beginning the 1st of July next, the sums collected by virtue of the new tax on petroleum be in their entirety deposited in the Banco Nacional (National Bank), said sums to be accumulated at the above mentioned banking institution in order that they may be fully applied to the resumption of Mexico's external public debt."

The American oil companies moved to the seat of the Mexican government, and as a result the Mexican government seems to have dictated a compromise. The total nominal tax (for it had not been collected) before the committee

went to Mexico was approximately thirty-eight cents American money per barrel, which we are justified in believing the Mexican government had no real hope of obtaining in full. The government probably secured from this manoeuvre a far greater tax than it anticipated and has established a basis in principle for such taxes as it may desire to impose after December. In the meantime, it expects recognition. The basis of this arrangement consists in the expectation of the Mexican government that the Oil Association, in consideration for this temporary concession, will change its policy and advocate recognition of the Obregon government by the American government. Every move that the Mexican government is making now is directed toward recognition. This purpose can be seen in every statement, every law, every decision of the Supreme Court.

On August 24, the day the oil committee started for Mexico, the American Association of Mexico published a warning in the Associated Press and addressed a memorandum to the Secretary of State in which it predicted that:

> "If through the efforts of this formidable committee the oil companies should be able to force a compromise on the oil tax, every effort will be made by Mexico, through her active propagandists, to have such a settlement accepted as a settlement of the whole Mexican question. The Obregon government, in exchange for special concessions to the oil companies, will endeavor to gain the cooperation of these companies in securing recognition without doing justice to other American citizens."

The oil committee did make a partial settlement of the tax question, though one of doubtful value, and the day the committee left Mexico City, the "Excelsior" voiced the opinion of the Mexican press and public when it announced in seven column headlines that "The Difficulties of the Oil Men Have Ended; General Obregon Will Be Recognized by the United States."

Coincident with the return of the oil committee to the United States, the Associated Press carried a report from Mexico City expressing the general belief in Mexico that, as a result of the oil conference, "something is going on behind the scenes in an attempt to break the deadlock (on the question of recognition)." This report of the Associated Press contained the following statement:

"The return to New York of the heads of the five oil companies is expected here to result shortly in the publication of the detailed terms of the agreement between the oil men and the Mexican officials, which is construed as containing elements which will contribute to a speedy clearing up of the international situation. Local newspapers persist in expressions of the belief that something more than taxes was talked of during the week of oil conferences, and that the heads of the American companies will make some definite recommendation to the State Department at Washington."

The heading placed over this report by the New York Times said: "Mexico Encouraged Over Recognition—Efforts Said to be in Progress Behind the Scenes to Bring About Accord—New Basis Is Now Sought—Believed That Heads of Oil Companies Will Make Representations to Hughes."

On September 12, the International News Service carried a dispatch from Mexico City to the effect that an agreement was made by the presidents of the American oil companies to float a loan for Mexico and also that:

"Mexican newspapers, in commenting today upon the international situation, said they expected that the report of the American oil presidents to President Harding and Secretary of State Hughes will change Washington's policy toward Mexico."

These news reports have resulted in many mistaken editorial and verbal comments to the effect that Mexico's oil question having been settled, the Obregon government doubtless would be recognized.

These news reports and comments have been in circulation in Mexico and the United States now for two weeks and the oil committee has allowed them to go unchallenged. It is clear that either the oil committee's agreement with Mexico does contain an understanding that the Oil Association is to help Obregon secure recognition or that the Association thinks it has something to gain by allowing this impression to stand. The failure to deny in any way the many statements regarding the far-reaching effects of the oil committee's visit is creating a general opinion regarding its importance that is unjustified and is placing the Oil Association in a position of now giving support to a situation that in every formal utterance of the Association since last Feb-

ruary has been vigorously attacked as unjust and illegal.

The Oil Association, so sensitive to publicity, in failing to correct this widely spread impression, has given tacit confirmation to the version of the Mexican government. This is perhaps one reason that the shroud of secrecy has been thrown over this agreement. The Committee of Five reported to the Oil Association last Wednesday that this agreement was being kept secret because it was so unfavorable to the Mexican government that to divulge it would expose that government to an attack by the radicals. The radicals must be hard to please if they are not satisfied with a tax of twenty cents a barrel until December, any tax they desire to impose thereafter, and (if the press reports be correct) the removal of one great obstacle to recognition, the opposition of the large oil companies.

While the oil committee was in Mexico, the Justices of the Supreme Court, by the finding in the Texas Company case, forecast a decision and a Congressional Committee recommended, that Article 27 should be so interpreted as to save from confiscation leases held by the large foreign oil companies on May 1, 1917. It was not a coincidence that these two instruments of the Mexican executive authority should have given these decisions while the oil committee was in Mexico. Under the terms of the court's finding only that small district in the present oil field held by large oil companies, from which most of the oil has been exhausted, is saved from confiscation; all the rest of the subsoil of Mexico, including the property of thousands of American citizens, is confiscated. The decision refers merely to oil lands and gives relief only to oil companies. It does not in any way affect those provisions of Article 27 which provide for the confiscation of American-owned land and deprive American citizens of the right to purchase land in the Republic of Mexico. The interpretation given to this decision by the Mexican papers and the New York papers is entirely erroneous, as it is a most limited application of the principle of non-retroactivity.

The present conduct of the Oil Association is a direct violation of its previous declaration of policy, of its pledges to other organizations interested in the welfare of Americans in Mexico and its pledges to high officials of the American government. On March 3 last, the Oil Association issued a statement to the effect that:

"The oil companies know from experience the futility of relying upon mere verbal assurances. In spite of repeated assurances that the rights of American petroleum producers in Mexico would be respected, their properties have been for four years and still are menaced by the threat of confiscation contained in the new Mexican Constitution and the Carranza petroleum decrees. . . . The oil companies therefore agree with the conclusions of the Senate Sub-committee that we have the legal right and it is our duty to refuse to recognize any government in Mexico until it has given assurances in writing that the lives and property rights of American citizens in Mexico would be respected and protected. The oil companies also realize, as any one familiar with recent and present conditions in Mexico must understand, that the particular problem of the American petroleum producer in Mexico can not be solved satisfactorily apart from the entire Mexican problem as it affects various American interests. Any permanent solution of the particular problems confronting the oil companies depends upon a full recognition of the principles of equity and international law, the violation of which underlie the difficulties not only of the oil companies, but of all other Americans interested in Mexico."

The following resolution was passed at a meeting of the Oil Association at Galveston on March 17 last:

"Basing its stand on the fundamental principles of natural justice, and sound precepts of international and constitutional law, the Association of Producers of Petroleum in Mexico again records its unalterable determination to maintain rights legitimately acquired according to pre-existing laws of Mexico and to oppose the confiscation thereof, threatened or already actually accomplished, under executive decrees and orders based on Art. 27 of the so-called Constitution of Queretaro.

"We reiterate our conviction that the present Mexican constitution was irregularly and illegally adopted and that, in any event, no interpretation of that constitution which does not limit the application of Art. 27 to the vacant and national lands as they existed on May 1, 1917, and so preserve to all private owners and

lessees of Mexican lands on that date complete enjoyment of petroleum subsoil rights, is consistent either with the rules of legal construction, or with principles of national or international justice."

The above represented the uncompromising attitude of the oil companies before they secured temporary relief for themselves. In the absence of any unequivocal declaration from the Oil Association, Americans are justified in assuming that the Mexican government and press and the American press are correct in representing that the Oil Association has changed its program and is now numbered among the advocates of recognition of the Obregon government.

For some mysterious reason, for thirty days after the receipt of a letter from Senator A. B. Fall, who had been requested to outline a proper Mexican policy, the Association of Producers of Petroleum in Mexico failed to make public endorsement of this policy, either directly or through its associated organization, the National Association for the Protection of American Rights in Mexico. The question was then raised: Were the Mexico City agents of the various oil companies negotiating at the time with the Obregon government, and promising to secure recognition for it if that government would refrain from piling up oil taxes? It is certain, at least, that the delayed public endorsement of the Fall policy by the Oil Association and the National Association was soon followed by promulgation by the Obregon government of new and burdensome oil tax decrees.

Does a similar situation exist today?

The silence of the Committee of Five in the face of the many newspaper reports that, as a result of the tax compromise, recognition would be accorded Obregon, brings up a similar question: Was there explicit or implied promise that in return for the tax compromise the oil producers would lend their influence to securing for Obregon recognition of his government by the United States? If not, why have the oil companies failed to deny the repeated public announcements that, as a result of their committee's efforts and the Supreme Court decision, the Mexican problem has been settled and recognition is near?

Can it be possible that a policy is being pursued of advocating recognition at Mexico City while opposing it at Washington?

RESULT OF THE OIL COMMITTEE'S VISIT TO MEXICO CITY

(Supplementary to Bulletin No. 6)

(BULLETIN No. 7—Issued September 24, 1921)

The American Association of Mexico, in its discussion of the Mexican question, has consistently opposed half-way measures and make-shift compromises in the belief, established by long experience and the evidence of many futile experiments, that the whole problem could be solved as readily as any part of it. And this Association has urged since the day of its organization that the differences between Mexico and the United States be adjusted definitely and completely by the two governments as the only course offering assurance of a permanent remedy.

Our opposition to the recent visit to Mexico City of the committee of the Association of Producers of Petroleum in Mexico was based upon the belief that undue importance would be given in both countries to but a single point of one of the many questions at issue. Our fears have been more than justified. Many newspapers and individuals in both countries have attributed exaggerated scope and importance to the mission of the committee. This committee of big business men went to Mexico to discuss, according to their own announcement, excessive taxes with the Obregon government. Upon the strength of a hastily arranged and still incomplete agreement with regard to a readjustment of export duties, oil shipments from Mexico have been ordered resumed and large payments have been turned into the Mexican treasury.

The Mexican question as a whole, therefore, is just where it was before the American oil companies suspended exportation of oil July 1, with the added disadvantage placed upon all interests other than oil, of having to explain and convince anew those who are not well informed about Mexico, that nothing has been settled permanently by the trip of the Oil Association's committee, not even the oil question.

The prediction of the American Association that the Mexican propagandists at home and abroad would fasten upon any kind of minor agreement with the imposing oil

committee and give it undue importance, was promptly fulfilled. Before the terms of the agreement on this phase of the oil question were fully known, optimistic reports were launched that the Mexican question had been settled and prospects, consequently, were bright for an early recognition of the Obregon government.

The advantage to be secured in the compromise arranged on the oil export tax is considered of doubtful value by oil men themselves, and, even if the committee had secured the absolute abrogation of the new tax, the oil question would be just where it was before. Neither the oil question nor the Mexican question in their larger aspects would be in any way altered. **It is to be noted that the Oil Association has not denied the press reports that the oil question has been settled; has not denied the reports that Article 27 has been satisfactorily eliminated; has not denied the reports that the Oil Association would advocate recognition.**

The recent statements of the justices of the Mexican Supreme Court in the case of the Texas Company have also been generally hailed as an interpretation of Article 27 and a judgment of the highest tribunal that the famous confiscatory article of the Mexican Constitution was not to have retroactive effect. The fact is that no decision has yet been made in this case and the manner in which the truth has been distorted for publicity purposes furnishes a good example of Obregon recognition propaganda. The justices of the Supreme Court in a public hearing merely gave their individual verbal opinions and, we are reliably informed, the members of the Obregon cabinet are now engaged in a controversy as to the nature of the decision yet to be written by the Supreme Court.

The essential facts of the situation can be set forth in very few words. Article 27 of the so-called Constitution of 1917 provides that the oil-bearing subsoil of all lands in Mexico shall be nationalized (confiscated) as of May 1, 1917. It is contended, and we understand this to be the position of the American government, that the provision may legally apply only to such land as on that date belonged to the Mexican government and, consequently, it could not apply to land the title to which had vested in individuals prior thereto; that to construe this article otherwise would give

it a retroactive effect equivalent to confiscation. The foregoing is the interpretation for which the American Association has stood from the beginning, in the belief that it is the only just and reasonable construction which can be placed upon Article 27. It was the contention of the Oil Association last March. On the other hand, the Carranza government contended and the Obregon government now holds that the Mexican government, under the Constitution of 1917, has the right to expropriate without compensation (to confiscate) private property. This is the big issue involved with respect to the retroactive effect of Article 27: Does this article apply only to national lands or do private lands also come within its provisions?

We shall see now whether this issue has been decided. In a contract executed before May 1, 1917, the Texas Company leased a parcel of land from an individual. Subsequent to that date, the Carranza government gave title to a third party who made application for it under the provisions of Article 27. The Texas Company appealed to the Mexican courts, and the case finally reached the Supreme Court. The Carranza government and later the Obregon government contended that the subsoil of this particular lot, under the terms of Article 27, belonged to the government, and not to the Texas Company and that, consequently, the government could give title. The Texas Company alleged (1) that Article 27 could not be interpreted retroactively as applying to this lot because the company had leased it prior to May 1, 1917, and (2) that even if Article 27 could be so construed, the government might not extend title to a third party because it (the Texas Company) had spent money in developing the property and thus saved it from the application of Article 27 under a Carranza decree which provided that a denouncement title (patent) might not be given by the government to a third party where the original lessee had spent money on the land in exploring for oil. It is clear, therefore, that only the Texas Company case was involved and that, even if the decision were made on the first ground, and were made applicable to all similar cases, by no stretch of construction could this decision apply to any land outside of that already leased on May 1, 1917. It could not apply to land owned in fee, and consequently, would not protect the unleased land owned by thousands of

American citizens. This decision could not possibly affect any land outside of that strip in the Tampico oil field some forty miles in width by some one hundred miles in length leased to foreign oil companies. All the rest of the subsoil of Mexico remains confiscated under the contention of the Mexican government. The interpretations given the so-called decision in the Texas Company case serve to demonstrate how the truth may be twisted and how propagandists have deceived the American press.

This is particularly the case with legal matters, due to the striking difference between American and Mexican procedure and methods. In Mexican jurisprudence precedent is not binding on the courts. Even a superficial study of Mexican law shows how very careful the lawmakers of the country have been to prevent the establishment of precedents, and to make it compulsory upon the courts to consider each cause upon its special merits and not in the light of decisions in similar cases.

In amparo proceedings, such as the Texas Company case, the court is specifically inhibited from making any general statement with regard to the law or the act upon which complaint is based. The new law of amparo regulative of Articles 103 and 104 of the Constitution of 1917, promulgated by decree of October 18, 1919 says in Article 2, Title 1, Chapter 1:

> "The forms and procedure laid down in this law shall be observed in amparo proceedings and the judgment shall always be so drawn as to affect exclusively private individuals and shall confine itself to affording redress in the special case to which the complaint refers; BUT IT SHALL MAKE NO GENERAL STATEMENT AS TO THE LAW OR ACT THAT MAY HAVE FORMED THE BASIS OF THE COMPLAINT."

Of what value as a precedent is a decision of the Supreme Court of Mexico in an amparo proceeding? Articles 148, 149 and 150, Title 11, Chapter 11 of the law just cited demonstrate clearly that it has none whatever. An isolated decision of the Supreme Court may be disregarded by inferior courts, whether federal, state or territorial. Article 148 provides that a judgment of the Supreme Court shall become a part of the jurisprudence of the country only after the court has handed down "five successive judgments, the

succession being unbroken by any contrary judgment." Then, and then only, does the judgment become "binding upon the Circuit and District courts and the State, Federal District and Territorial tribunals." (Art. 149.) This same article further provides that the Supreme Court shall have authority to reverse its own "established judgments" but in so doing must present reasons for its action which shall deal with the grounds upon which the judgment originally was affirmed.

Article 150 provides that when a party to an amparo proceeding or appeal invokes an "established judgment" of the court in support of his cause, the court shall give due consideration to the judgment invoked and in rendering a decision in the case at bar "shall set forth the court's reasons or motives for SUSTAINING OR REVERSING the judgment cited."

The Supreme Court of Mexico has handed down many judgments denying amparo in connection with Article 27 of the constitution. Now, in the Texas Company case, the court reverses its action. It may complete the cycle of five and in such case the judgment will become "established." But, since precedent has virtually no standing in Mexican jurisprudence, nothing could hinder the Supreme Court from making a contrary decision; for example, the day after Mexico had obtained recognition from the United States, and reverting to its decisions of 1917 and 1918, in which it was held that there is nothing in the Mexican constitution of 1917 incompatible with laws having retroactive effect.

The court's decision is merely a part of the campaign of the Mexican executive to secure American recognition. Obregon's Supreme Court decides this point in favor of the oil companies because thereby Obregon hopes to secure recognition, whereas Carranza's Supreme Court decided identically the same point in a contrary sense because Carranza already had recognition. **The actual affect of this decision is as follows: The property of the oil companies will not be confiscated for otherwise the oil companies might continue their anti-recognition propaganda. The property of all Mexican land owners is confiscated, as there is no one to protect them. The property of American citizens owning land in fee is confiscated because the ma-**

jority of these owners are poor men, who, Mexico feels, cannot reach the ear of their government.

The warning given in our Bulletin No. 5 that a decision of such limited application could not in any sense be considered a general remedy is well grounded. The older companies operating in Mexico, who secured their holdings some five or more years ago, will find a measure of partial relief in the Texas Company ruling. For the great majority of private landowners, for those who have acquired properties in recent years, and for future operations, it indicates that the oil development of Mexico will fall under the blighting influence of absolute government domination.

The concerted effort to have the non-retroactive effect of the new Mexican Constitution restricted to certain oil leases made before May 1, 1917, is not confined to Mexico's active propagandists at home and abroad. Almost simultaneously with the decision of the Supreme Court, in the Texas Company case, the Petroleum Commission of the Chamber of Deputies made a report which follows exactly the lines laid down by the justices of the Supreme Court. This is the sop the Mexican government is willing to throw to the oil companies in order that all private holdings and all future oil development of every kind may be placed under government control.

In our last bulletin, we stated that the oil companies had not seen fit to deny the reports that the oil question has been satisfactorily settled, that the so-called decision of the Supreme Court had now eliminated Article 27, and that these companies were now advocating the recognition of the Obregon government. The oil companies, always so ready to give their side of any controversy to the press, still remain silent. This attitude is persevered in, notwithstanding the resolution of March 17 last to the effect that:

> "We reiterate our conviction that the present Mexican Constitution was irregularly and illegally adopted and that, in any event, no interpretation of that constitution which does not limit the application of Article 27 to the vacant and national lands as they existed on May 1, 1917, and so preserve to all private owners and lessees of Mexican lands on that date complete enjoyment of petroleum subsoil rights is consistent either

with the rules of legal construction, or with the principles of national or international justice."

Again we ask: Have the oil companies changed their policy?

Objection to the spirit and manner of the visit of the Oil Association's committee to Mexico is not captious criticism on the part of the American Association. The Oil Association is on record as acknowledging the necessity of settling the entire Mexican problem and specifically stating that the oil producers' troubles cannot be settled permanently and satisfactorily apart from those of all other Americans interested in Mexico. On July 1, the oil producers suspended exports and restricted development work in Mexico in protest against an unjust and confiscatory tax. The companies should have known at that time what the consequences of this embargo would be.

It was with surprise and indignation, therefore, that those whose Mexican interests are not in oil, and who have long been laboring to secure an adjustment of the whole Mexican situation which would relieve oil interests equally with others, saw the oil committee suddenly depart for Mexico, not only without consultation with other interests, but without even general conference among the oil companies themselves, to negotiate a partial and selfish settlement that must inevitably react against all other interests. It has placed those outside the oil group in a most unfavorable position and has greatly delayed the complete adjustment of Mexican problems that alone can give real and permanent security to all.

If objection be made to the use of firm methods in dealing with the Mexican government, it must be considered that what American interests in Mexico and what the American government are asking are not onerous and unjust concessions from Mexico, but simple justice and restoration of rights. There is nothing harsh and unusual in the guarantees and safeguards that are asked of Mexico. In the light of the violated assurances the demands are amply justified. And in standing out for a fair written agreement, the position of the American Association is in accord with the judgment of both the present and previous administration at Washington.

The visit of the committee caused a suspension of all

efforts along the line of a general settlement. The committee made the preliminary arrangements for a partial agreement on the oil question as it affects the big companies, but at what cost? Obregon's arrogant attitude has been strengthened by large cash payments, while his self-importance has been magnified until it will now be impossible to negotiate with him and his satellites for some time to come on any basis of reason and common sense. It also remains to be seen whether the visit of the oil committee to Mexico has changed the attitude of the oil companies toward the recognition of Obregon.

The fundamental objection to their action is, that, as in all negotiations heretofore between the oil companies and the Mexican government, the oil companies have gained a temporary advantage in money by yielding in principle. On the contrary, it has been the consistent policy of the Mexican government to purchase permanent advantage at the price of temporary concession. The result is plainly seen in the excessive taxation of today.

On the whole, the visit of the oil committee has resulted, as it was easy to foresee, in much positive harm to the cause of a general settlement of the Mexican question, while only temporary and very questionable benefits have been secured for the oil companies themselves. It is evident that those who are interested in seeing the international relations between Mexico and the United States permanently adjusted for the best interests of all concerned must not count upon the co-operation of the great oil companies, for their pledges of support, when withdrawn at the most critical period of negotiation, become not only detrimental to the common cause, but such action accords to misguided Mexican authorities moral and financial assistance that is most prejudicial.

The American Association is confident that the government at Washington is not misled by the inevitable hurrah of propaganda following the oil committee's trip to Mexico.

Definite announcement has been made that a representative of the International Committee of Bankers will go to Mexico to discuss financial matters with the Obregon government. Similar visits to Mexico to secure consideration for their respective interests have just been made, or are in progress, by influential agents, not only of the big

American oil companies but also of the locomotive and steel interests. In view of the pending negotiations of the Department of State looking to an equitable settlement of the entire Mexican question in a manner that would protect the interests of thousands of individual Americans and small investors, just concern is felt because of the probably harmful effect upon the cause of the unrepresented majority resulting from the partial settlements being arranged by these great and wealthy groups. The former have no voice and are not being considered, while the representatives of the business organizations are adjusting their own specific problems.

The American Association was organized last January when the Oil Association would not consent to the National Association for the Protection of American Rights in Mexico making public endorsement of a letter from Senator A. B. Fall outlining his policy in the Mexican situation. The National Association had approved this letter but was not allowed to publish it. At that time the Oil Association was suspected of "Playing with the hare and running with the hounds." It was privately urging Washington not to recognize Obregon. What the agents of the company were doing in Mexico City can be inferred from the belief of the Obregon government that the oil companies were advocating recognition.

The National Association originally was organized by representatives of all the larger interests in Mexico, but, unfortunately, owing to the fact that for financial support it was soon forced to depend solely upon the oil companies, it fell under the domination of the oil interests. Even the separate offices of the National Association were abandoned and it was installed as an adjunct of the Oil Association where it is used to plead the cause of oil under the guise of interest in the rights of Americans in general. When the rights of the oil companies are affected, the National Association fights boldly; when the oil companies see a chance to get something for themselves by negotiation, the National Association remains quiescent. It is for this reason that the National Association cannot be depended upon to look after the interests of all Americans, so that in a crisis such as the present the American Association has to carry on without organized assistance.

The American Association addressed the following letter to the National Association on the 16th instant:

"When it was announced that the Committee of Five of the Oil Association would go to Mexico City for the purpose of attempting to adjust tax troubles with the Obregon government, the American Association of Mexico addressed a letter to your Association in which it asked if you approved of this Committee going to Mexico, if you did not think that the result would be detrimental to American interests in that country, and if you would not join the American Association in a public statement of disapproval. In your long reply you did not answer these questions.

"On September 8th this Association directed another letter to your Association from which we quote the following:

> 'An authoritative statement should be issued within the next few days, in our opinion, with respect to the negotiations between the Committee of Five and the Mexican Government. We believe that the National Association, because of its professed interest in the welfare of all Americans in Mexico and also because of its intimate relations with the Oil Association and the oil companies, should issue this statement. I am sure the press would be glad to use it and that it would have the effect of defining once for all the situation resulting from these conferences. If the National Association does not wish to issue a statement, the American Association will probably do so within the next few days. If you decide not to make a statement, will you be good enough to write me and give the National Association's version of these conferences. Needless to say, we shall not quote the Association if you do not wish it quoted.'

"We concluded by stating that 'this situation cannot be allowed to stand and the American Association is determined that it shall be defined in the very near future and will appreciate the co-operation of the National Association in this respect.' The American Association has in no sense abandoned this purpose, and so far we have received no co-operation from the National Association.

"No reply has been received to the above letter, and in

an informal conference with several of your directors on the 14th inst., the latter were of the opinion that the National Association should not intervene in this matter as an association. We should now like to have your definite reply to the following questions, with the understanding that we shall publish the substance and possibly the letter of this correspondence:

"1. Does not the National Association think that the visit to Mexico of the oil committee has had an adverse effect on American interests in that country?

"2. Does not the National Association believe that the Mexican government expects in return for such concessions as may have been given the oil people, that the latter will now work for recognition by the American government instead of opposing it?

"3. Does not the National Association think that in view of press reports, both Mexican and American, the American people and the Mexican people are justified in thinking that the oil companies and the Oil Association are now committed to work for recognition?

"4. Does not the National Association consider that by refraining from denying these universal reports the Oil Association is violating the spirit of its announcements, on the 3rd and 17th of last March, to the effect that it would oppose recognition until the rights of all American citizens were taken care of?

"5. Will not the National Association address the Oil Association and advise the latter that it is of the opinion that it should issue an unequivocal statement of its position, first, with respect to whether it considers the recent Supreme Court ruling as settling the oil question; second, as to whether it regards this ruling as solving the difficulties of Americans under Article 27; third, as to whether it is of the opinion that the American government should accord recognition to the Obregon government?

"I am enclosing herewith copy of Bulletin No. 6 which defines the attitude of the American Association of Mexico with respect to the above matter.

"We should like to hear from you at your early convenience."

The National Association has not replied to this letter,

but we learn authoritatively that at a meeting of the directors of the Association, they did not decide to request the Oil Association to make public its attitude on the Mexican question, and, of course, did not decide to publish a condemnation of the conduct of the Oil Association in failing to make its position clear at this critical juncture.

Finally, convinced that no co-operation could be secured from the National Association, which because of its relations with the Oil Association should have made this request, the American Association on September 22 addressed the following letter to the Oil Association:

"A few days ago I sent you an advance copy of Bulletin No. 6 of the American Association of Mexico which dealt with the effects of the recent negotiations of the Committee of your Association with the Obregon government. In it reference was made to the universal impression that your Association now favors the recognition of the Obregon government by the American government. In view of the continued silence of the Oil Association on this subject, the American Association of Mexico, an organization devoted to the interests of all American citizens in that country, cannot allow this situation to continue undefined without taking up this matter directly with your Association.

"The Oil Association has gone on record to the effect:

(1) That it would not regard the Mexican Oil controversy as being settled until,

(a) The Mexican government agreed that Article 27 of the so-called Constitution of 1917 should apply only to lands which on May 1, 1917, belonged to the Mexican government.

(b) The Mexican government should agree to a scheme of oil taxation which was not confiscatory. At the time these statements were made your Association regarding the existing tax of approximately twelve cents a barrel to be confiscatory.

(2) That your Association would oppose the recognition of the Obregon government by the American government until the claims of all American citizens were adjusted and their rights in the future assured, and the interests of the American people secured, as outlined in a letter dated

January 19, 1921, by Senator A. B. Fall to the National Association for the Protection of American Rights in Mexico.

"We now ask you:

1. Do you consider that the Obregon government has agreed that Article 27 shall apply only to lands which belonged to the Mexican government on May 1, 1917?

2. Do you regard the present oil tax as just or satisfactory?

3. Do you consider that the questions between American citizens and the Mexican government, and the controversy between the American government and the Mexican government, have been satisfactorily adjusted?

4. Does the Oil Association now favor the recognition of the Obregon government by the American government, or is it opposed to such recognition?

"An immediate reply will be greatly appreciated."

We shall advise our members as to the reply of the Oil Association.

In its present campaign the American Association is interested in nothing more than having the just and reasonable demands of the American Department of State complied with before recognition is extended to any government in Mexico. We simply want to see American rights in Mexico restored and safeguarded. The political and official leaders of both parties in this country have all agreed for the past several years upon the steps necessary to be taken. It is not that we fear the authorities in Washington are weakening in their stand for a full and equitable settlement of the Mexican question, but we do feel that the utterances of the veritable army of propagandists that Mexico is employing to create favorable sentiment in this country, often by positive misrepresentation of actual conditions, must not be allowed to go unchallenged.

Likewise, capitalistic groups that are making temporarily favorable contracts should be urged to lend their support and influence to the general settlement of the entire Mexican question which alone can bring permanent prosperity and security for Mexicans and foreign investors alike. It is to this end alone that we ask co-operation and assistance in making known the truth about Mexico, namely, the adoption of the only policy which will protect all interests, large and small, in that country.

OBREGON AND HIS PROPAGANDA FOR RECOGNITION

(BULLETIN No. 8—Issued November 3, 1921)

Certain typical and related inquiries have reached the American Association of Mexico in number sufficient to warrant the deduction that the American public is in a confused state of mind regarding Mexico. Misinformation is combined with misinterpretation of events. The purpose of this bulletin is to answer these questions and to clear up this confusion. Here are some of the things which prove puzzling to American small stockholders in mining, oil or land companies in Mexico; to uplift workers touched by the condition of the lower classes there, to persons interested in the missionary field or to those who have merely a general interest in seeing a near neighbor to the United States and normally a good customer get his house in order:

Why does the State Department withhold recognition despite Gen. Obregon's public assurances that his government will give every protection to American and other foreign interests and rights?

Is there a dangerous bolshevist movement in Mexico and do radicals dominate the Obregon cabinet? Obregon denies this, why not take him at his word?

If Mexico is not enjoying internal peace, if foreigners are being deprived of their rights and their property confiscated, why do American chambers of commerce and governors of border states, who ought to know the truth, urge immediate and unconditional recognition?

If conditions are unfavorable to Americans and American enterprises how can the attitude of American chambers of commerce in Mexico be explained? The Tampico and Mexico City bodies stand behind the Obregon government; they participated in invitations to American business organizations to send excursions to Mexico and these excursionists have returned with glowing reports. Certainly American business men in Mexico would be frank and truthful with their compatriots.

These and other questions of a like nature indicate that the average American is perplexed by the contradictory

news from Mexico and finds it difficult to reach a definite conclusion as to the truth. To those not students of the Mexican situation, we believe a somewhat detailed consideration of Obregon propaganda methods will prove enlightening. This bulletin is intended primarily for those interested in Mexico but lacking sources of first-hand information.

In considering Obregon propaganda it must be borne in mind that Mexican executives know they stand or fall on recognition by the United States. First, a foreign loan cannot be obtained without recognition. An empty public treasury is a chronic condition and money is needed to keep political henchmen satisfied, particularly high army officials for it is among these that successful revolutions generally start. Second, Mexican presidents know that revolutionists hesitate to start a revolt against a government recognized by Washington. For these reasons self-preservation and recognition become synonyms to Mexican executives.

The Obregon recognition campaign therefore possesses two features which make for effectiveness: Singleness of purpose and the vital necessity of attaining that purpose. This explains why the one sure method of getting money from a seemingly bare Mexican treasury in the past ten years has been to approach the ruler of the day with a scheme to obtain recognition or influence American public opinion to that end. On coming into power Obregon did not find it necessary to experiment with propaganda methods or personnel. Carranza's efficient machine was inherited by de la Huerta and passed along to Obregon. Methods and purposes are the same. But few changes have been made in personnel. Many individuals, Americans unfortunately as well as Mexicans, have kept their names on the government payroll from Madero's time to the present because of their ability as propagandists. Clever propagandists are passed from one administration to the next. Talent of this order is too vitally necessary to be dispensed with lightly.

Despite these many advantages Obregon is confronted by a formidable difficulty, which embarrassed his predecessors as well. This difficulty is the fixed idea shared by almost every Mexican politician that to appear to yield or truckle to the United States would result in the overthrow of any ruler who tried the experiment. To the mind of the Mexican politician this means that the president of Mexico must

carefully avoid making any sort of concession to the United States, no matter how just the demand of the Washington government. Thus Obregon is seen today, fishing for recognition with words and promises, attempting to hoodwink Washington into giving something for nothing while posing at home as the champion of all Latin America against the "Colossus of the North." This was precisely the Carranza method and Obregon is encouraged by the fact that Carranza was successful in securing recognition.

Early in the game propagandists discovered that facts as to internal conditions in Mexico could be misrepresented in the United States with impunity; furthermore, that official announcement of programs, never intended to be put into effect, to alleviate and improve the lot of the Mexican lower classes has an effective appeal north of the Rio Grande, being accepted at face value. They have a rejoinder ready when attempts are made to set the American public right as to the facts. "Propaganda of the big American corporations" they cry; "Enemies of our government which prevents them from looting the natural wealth of the country and exploiting the peon as they were permitted to do in the time of the Dictator Diaz."

The discovery that the American people are ready to believe virtually anything bad said about a rich corporation has been very useful to Mexican propagandists. It explains to a large degree why there is a shout of "oil" from Mexico every time Article 27 of the Constitution is under fire. The provisions of this article affect virtually every foreign interest in Mexico and virtually every foreigner doing business there, no matter in what line, yet the Obregon propaganda organization has convinced a large portion of the American people that the adjustment of the oil problem would remove all objections on the part of foreign governments endeavoring to protect the rights of their nationals in Mexico.

The American belief in democracy and the rights of the masses is played upon constantly. Any Mexican opposing the methods of his government is branded as a conservative or reactionary. Confiscation of rural estates has been palliated in the United States by alleging that the peons are land hungry and that Mexico can never return to the path of peace and prosperity until the country is dotted with

small farms. Propaganda of this sort is being circulated today, at a time when most of the reputable newspapers in Mexico are bitterly condemning the agrarian policy and demonstrating that the mass of farm laborers are lacking not only in capacity for independent operation of farms but in inclination to attempt it even when supplied with tools and work stock in addition to land. These newspapers charge that the system is a vicious instrument of graft and is destroying agriculture. They point out that within the past few years, the farm productivity of the country has been so lowered as a result of the agrarian policy that Mexico will have to import more corn this year than ever before to prevent the people from starving. Yet the Obregon government is bringing in corn, announcing that it is being sold to the people at cost and praising itself for its action, without assuming any of the discredit for producing the conditions which made this necessary.

Believing Americans to be materialists and mere dollar worshipers, the propagandists regard the appeal to the business side of the American as perhaps the strongest weapon in their armory. Articles are published regarding the inexhaustible wealth and resources of Mexico and foreign capital is invited to come in and aid in development. Merchants and manufacturers are told of the vast trade awaiting them, once recognition is accorded. Trade excursions from the United States are encouraged by free transportation over Mexican railroads and visitors are entertained lavishly at government expense. Experience has demonstrated that such visitors learn nothing of real conditions, forget business and thoroughly enjoy themselves in a country which has no Volstead law, and repay generous hospitality by returning to the United States and supporting recognition of Obregon. Having seen only the bright side of things in Mexico, they are sincere more often than not in their glowing pictures of conditions.

These are a few of the general methods employed by the Obregon propagandists. A more potent factor comes into play when the attitude of American organizations in Mexico and certain individual Americans resident there comes up for consideration. This factor is the power of the Mexican president to make or break any foreigner doing business in the country. Favors he may dispense with a lavish

hand; his power to do harm is virtually unlimited. Under Article 33 of the Constitution he may expel from Mexico any foreigner whose presence he may deem inexpedient and is not even required to show cause. No legal recourse is allowed the victim; he is specifically denied the right to a day in court. Moreover, under a resolution of congress, Obregon enjoys extraordinary powers in the treasury department. This means that he is invested with the tax-making powers of congress and by executive decree may impose or remove federal taxes. The following extract from an article published by El Universal, a leading Mexico City newspaper, on October 2, 1921, serves as a timely illustration:

> "In view of the fact that there is no proportion between the taxes paid by large and small rural properties in Mexico, the Ministry of Agriculture is considering the advisability of readjusting taxation. It is a fact that small properties pay as high as 5 to 12 per thousand while large properties pay barely 2 per thousand. EACH LARGE PROPERTY WILL BE TAKEN INTO CONSIDERATION SEPARATELY and it has been decided to begin with the properties of Gen. Terrazas. Next in turn will be the properties of the Palomas Ranch and Cattle Company."

Correspondents of American newspapers resident in Mexico City know that under Article 33 they may be expelled from the country at the whim of the president; they know that without access to official sources of information their services are valueless to their papers. They can not afford to offend the governing powers and must exercise great care in what they cable, confining themselves largely to bare reports of happenings. They are inhibited from indulging in that frank and open comment and interpretation of the news which would give a real picture of the Mexican situation. They remember cases of other correspondents expelled from the country and are taking no chances and will take none until a story comes along big enough to warrant the risk of being sent out of the country. This gives the Obregon propagandists free rein to distort facts in order to create a favorable impression in the United States.

Representatives of Adolfo de la Huerta, president ad

interim of Mexico after the murder of Carranza, were exceedingly active at Washington during the months immediately preceding Gen. Obregon's induction into office last December. It was known in Washington at the time that the Mexican agents showed great interest in immediate recognition and were apathetic to suggestions that action might come after Obregon's inauguration. It was openly charged that if the ad interim government secured recognition it would endeavor to remain in power despite Obregon. If such hopes existed, they were dispelled by the note of Secretary of State Colby delivered to Roberto Pasqueira, official representative of de la Huerta. Mr. Colby said in substance: Our conversations indicate substantial agreement on pending questions, the time has come to reduce that understanding to a solemn written compact binding on the two nations. An abrupt termination of negotiations was the result.

This incident serves to throw light on the present attitude of the State Department with regard to assurances from Obregon agents and to the published statements of President Obregon. Mr. Colby was serving a Democratic administration which had shown itself most friendly to the revolutionary element represented first by Carranza, later by de la Huerta and now by Obregon. For nearly eight years that administration had been dealing with Carranza and representatives of his movement; recognition had been accorded Carranza after he had made solemn promises which never were fulfilled; the State Department had learned a bitter lesson and was fighting shy of trading "sight unseen" with Mexican executives springing from Mexican revolutions. The present officials of the State Department are profiting by that experience in insisting on written guarantees.

In the New York Times of July 3, 1921, "A Diplomatic Correspondent" pointed out that, in a letter to Mr. Colby given to the press October 30, 1920, Mr. Pesqueira proffered three of the essentials which, Secretary Hughes insists, Mexico must embody into a treaty. The Pesqueira letter contained a disavowal of the retroactivity of Article 27, a pledge that Mexico would assume full responsibility for all her international obligations and a proposal of an International Claims Commission to adjust and settle the claims

of all foreigners for damages arising out of the revolution. Pesqueira was recalled and did not return to Washington. Meantime other methods were resorted to in the campaign for recognition.

Opportunity for propaganda in connection with the Obregon inaugural ceremonies was not overlooked. The occasion, therefore, offered the unusual spectacle of governors of states of the United States participating as guests of honor at an official ceremony of a government not recognized by our own. These governors with staffs and civilian entourage had gone to Mexico as guests of the Mexican government. They were royally entertained, free trains and free entertainment being at their disposal. American cities also sent trade excursions. Effusive speeches on the part of hosts and guests marked the occasion but nothing was said of the rights of Americans in Mexico. It was subsequent to this junket that legislatures began to pass resolutions asking our government to recognize Obregon, and American business men, who had participated, began to secure action from their local chambers of commerce to the same end. The governor of Texas, if accurately quoted by La Prensa, of San Antonio, stated that the Obregon government had been recognized by Texas if not by the United States. Two governors of states, whose terms recently expired, are now spending much of their time in Mexico City, looking for business connections.

The next step in the propaganda campaign was an appeal to the American business man. In the spring of this year W. F. Saunders, secretary and publicity man for the American Chamber of Commerce in Mexico City, made an extended trip in the United States, visiting chambers of commerce and laboring to create sentiment in favor of the Obregon government. In a speech at Philadelphia he said Mexico was rapidly getting back to normal, that Americans in Mexico had no grounds for complaint and predicted a tremendous trade boom the moment full diplomatic relations were resumed between the two countries. His work was unmistakable recognition propaganda. Whether the American Chamber of Commerce in Mexico was reimbursed by the Obregon government for the expenses of this representative, we are not informed.

Later an ingenious scheme was devised in sending the

so-called Good Will Commission to the United States for the ostensible purpose of inviting American business men and chambers of commerce to an International Trade Conference to be held in Mexico City in June, 1921. The Commission represented the Confederated Chambers of Commerce of Mexico, which numbered among its members organizations in Mexico made up of European business men such as the French, Italian and Spanish Chambers of Commerce. The Commission, specifically disclaiming a political purpose, talked trade with Mexico. Suspicion as to the real object of the Commission was aroused as no reasonable explanation could be offered as to why Europeans should be assisting in financing an enterprise intended to promote trade between the United States and Mexico. In view of this, the American Association of Mexico sent a telegram of inquiry on April 4, 1921, directed to the president of the American Chamber of Commerce in Mexico City, which is copied herewith. The reply of the president has been placed in parenthesis after each question.

"In the opinion of the American Association of Mexico the object and effect of the tour of the so-called 'Good Will Commission' are political and not commercial. We have undertaken so to advise commercial bodies in this country. The Department of State and the Chamber of Commerce of the United States deny the report that they have sponsored or endorsed this tour. We should now like to know whether it has the endorsement of your American Chamber of Commerce and what responsibility that Chamber assumes. Kindly wire reply at your earliest convenience.

"First. Are Bruno Newman and W. E. Vail representing the American Chamber of Commerce? (Bruno Newman does represent this Chamber. William Vail is director of service of this American Chamber. He is a guest on this trip of the Confederacion de Camaras de Comercio de los Estados Unidos Mexicanos.)

"Second. Are they both American citizens? (Both are registered at American Consulate as American citizens.)

"Third. How much is your Chamber contributing to the trip? (American Chamber contributes nothing to the trip.)

"Fourth. Are the Associated Chambers of Commerce paying the entire cost of the trip? (Understand Confederation directly paying cost of trip.)

"Fifth. If not, who is?

"Sixth. Is the American Chamber paying for the car on which the delegates are traveling? If not, who is? (Have no knowledge who is paying for car. American Chamber pays nothing.)

"Seventh. Is the Mexican government contributing to this trip, and if so, how much? (Understand unofficially that Mexican government is making an allowance to Confederacion de Camaras account cost this trip.)

"Eighth. Have not Vail and Newman a concession or contract with the Mexican government under which they enjoy privileges and derive profits in conducting such excursions as they are attempting to organize in this country? (Understand Vail and Newman have a contract with the Mexican government by which they get special rates for excursion parties.)

These facts would seem to demonstrate a willingness on the part of the American Chamber of Commerce, or at least the dominating figures who control it, to lend the name and support of the chamber to an excursion which was clearly intended as part of Obregon's propaganda campaign to secure recognition. The president of the American Chamber admits he knew enough "unofficially" to have warranted an investigation in order to obtain official information for an official report to the board or to a general meeting, had he felt that there would have been real opposition by the leaders of the chamber to participation in the government's propaganda.

The directing powers of the American Chamber of Commerce knew, or should have known, that the chamber's endorsement of this so-called trade excursion could have but one possible interpretation in the United States, namely, that the American colony of Mexico believed that the Obregon government was such as to give Americans in Mexico protection in their rights and that normal conditions were restored to the point where it seemed proper for an American trade organization in Mexico to encourage Americans to enter the Mexican field again and invest their money in developing trade with Mexico. These ruling pow-

ers knew, or should have known, that with Obregon and his following in the saddle, the Carranza faction was being continued in power and that this faction had never shown the slightest concern for the commerce of Mexico as such, or for the rights of foreign investors. They knew that the confiscatory Constitution of 1917 was in force and were acquainted with the burdens and disabilities imposed upon foreign investors by this charter. They knew that the Wilson administration was unpopular with Americans in Mexico who felt that their own government had refused them protection and abandoned them; they knew that high hopes were entertained that, with the incoming administration at Washington, American rights in Mexico would be protected. An intimate acquaintance with the sentiment of Americans in Mexico warrants the statement that the American Chamber of Commerce's participation in this trade excursion was not popular with the American colony in Mexico because the real purpose was understood. In the face of all these facts, it would be interesting to know what influences were at work to secure endorsement and participation of the Chamber in the junket, and whether a majority of the Chamber itself approved it. The allegation that some members of the board, lacking in broad perspective, misread the obvious facts in the situation, may be offered in palliation but it does not explain.

The International Trade Conference proved a false alarm from a commercial standpoint. American delegates had their eyes opened when a Cuban delegate presented a resolution calling upon the American government to recognize Obregon. They were surprised at this political move, when the Good Will Commission had given assurances that there was nothing political in the conference, in extending invitations to Americans to participate. Many declared that they had no authority from their commercial bodies to vote on such a question and, after something of a tempest in a teapot, the resolution was withdrawn. Excelsior, a Mexico City newspaper of high standing, reviewing the conference after its close, said the program lacked topics of international commercial interest and that American merchants and business men, who had attended for the honest purpose of assisting in developing methods of trade between Mexico

and the United States, had been grossly deceived and had wasted their time.

Not all the American delegates seem to have been taken unawares when the political purpose of the conference developed. The delegate from the San Antonio, Texas, Chamber of Commerce made an impassioned plea for recognition, and criticized American excursionists for accepting free transportation and other gratuities from a bankrupt Mexican government. The American Association heartily endorses the latter statement and feels it would be more just for the Mexican government to pay its school teachers and employees than to squander large sums in futile trade excursions and conferences.

If further proof be needed that there was an ulterior motive in having American politicians attend the inaugural ceremonies, in the Good Will Commission junket and in the Trade Conference, it is furnished by Gen. Obregon himself in his signed statement in the New York World dated Mexico City, June 26, 1921. Herewith are given the first and part of the second paragraph of this lengthy statement:

"The States of Texas, New Mexico, California and Arizona, acting independently and without the slightest inspiration, have made official requests upon Washington for resumption of the formal relations that will permit proper and complete expression of friendship between Mexico and the United States. The action of these states, so intimately in contact with my country, tells its own story of peace and order along the border at this moment of writing.

"The First International Commercial Congress is holding its sessions in the City of Mexico, many delegates being in attendance from the United States. These men, returning to their homes, will be compelled to report the reign of law in every one of the twenty-seven states that compose the Mexican Union."

What would "compel" this report on the part of the delegates? Certainly not first hand information regarding every state of Mexico; certainly not a review of the Mexican press for the period immediately preceding the congress; certainly not a reading of the daily press of Mexico City during the period the congress was in session. The slaughter of Catholics by radical official elements during street fighting in Morelia, Michoacan, the invasion of the Chamber

of Deputies by a bolshevist labor group, the abortive revolution in Oaxaca and the application of the notorious ley fuga to one of its leaders, newspaper articles on the graft running riot on the nationally operated railroads and the corruption among customs officials at Veracruz where a freight congestion of many months standing was bringing merchants in all parts of the country to the verge of financial ruin, these and similar incidents were too recent to have escaped the attention of any delegate who made even the most casual investigation into the real internal conditions in Mexico. The only compelling force which possibly can be suggested is the law of courtesy which impels a guest to refrain from criticizing his host.

Upon returning from their tour of the United States, the representatives of the American Chamber of Commerce undertook the promotion of a lottery in the name of the American charities of Mexico City. We understand that the plan was repudiated by various American organizations, some of which would have been beneficiaries. We are informed that certain of the promoters, formerly high in the councils of the American Chamber of Commerce, are no longer members of that body. This Association is firmly convinced that infinitely greater harm to Americans resident in Mexico and to American interests was done by the Good Will excursion than possibly could have resulted from any purely local enterprise, in Mexico City and environs, however reprehensible its opponents might consider it, and that the directors of the American Chamber of Commerce in endorsing the Good Will Commission assumed a much graver responsibility than would have been the case had they tacitly approved the lottery.

Recently the Mexico Country Club, of Mexico City, composed largely of Americans, received 40,000 pesos from the Obregon government in settlement of claims for damages done the club's property during 1916. These damages were inflicted, not by the revolutionary faction which the present government represents, but by the Zapatistas, with whom Obregon and his followers were at war. Among hundreds of Americans claims, this is one of the two or three to be adjusted. The motive behind the government's action may have been merely the justice of the claims. However, it was the sort of thing which every American excursionist

to Mexico City would hear about, and precisely the sort of news which Obregon would wish excursionists to carry back to the United States. Furthermore, it was not conducive to making club members particularly hostile to the Obregon administration.

The latest move in the Obregon propaganda campaign was the centennial celebration at Mexico City, commemorating the date of Mexico's independence from Spain. Page advertisements were inserted in American newspapers regarding the International Commercial Exposition in connection with the centennial. Again the old trade camouflage—again the call of the dollar. A single quotation will be sufficient to show the character of this advertising:

> "This great exposition during the centennial festivities will be held in the National Legislative Palace, Mexico's $5,000,000 wonder building, occupying two city blocks, and the largest building in Latin America. Nearly three million business men will surge to Mexico City during the centennial festivities to discuss with their compatriots their part in the building of a new Mexico."

To persons acquainted with Mexico this sort of stuff is mere rot—not even an intelligent lie. The average of one business man to every five inhabitants is a fantastically impossible ratio and of Mexico's fifteen million inhabitants, largely engaged in agriculture, just about three millions are able to read and write and the cultured Mexican turns naturally to literature or to the professions rather than to business. Mexico's wonder building is the steel skeleton of a structure started by Porfirio Diaz, a grim rusting reminder of the days when the public money went, in part at least, into public improvements. With temporary roofing and temporary floors it doubtless made an excellent exposition "palace."

Excelsior, in an editorial published September 19, 1921, refers to the scenes of animation in connection with the centennial, "the city refurbished and hastily decorated, defects hidden, blemishes concealed, the skeletons of buildings of another era covered or partly covered but skeletons still," and explains that this was done "with the clearly manifest intention of creating a favorable impression upon

our guests, the representatives of foreign nations." The editorial continues:

"The impossible has been accomplished in order to impress upon our guests that Mexico is in the midst of a period of abundance and fruitful progress, in the full enjoyment of prosperity and development, without difficulties and without problems. But how different if our guests could look beneath the surface and see things, which though concealed, vitally affect Mexico.

"Our guests do not see or do not care to see that back of these festivities is a country which is going to harvest a crop insufficient for its needs; that famine impends and, with no savings in the public treasury as in times past, we are unprepared for evil days. They do not see that under the name of 'agrarian program' a series of confiscations and offenses against private property have been committed which keep the farmers in a state of natural anxiety. They do not see that the destruction of credit, so essential to modern society, has left the farmer and manufacturer without resources. They do not see that traffic delays prevent the free and easy distribution of merchandise and result in higher prices. They do not see that prices have not dropped from wartime levels as in other countries; that there has been no readjustment in Mexico and that the economic crisis continues acute. They do not see that each day brings a new conflict in some state government; that each day some bolshevist or semi-bolshevist legislation is enacted against capital and industry. They do not see that the states of Yucatan and Morelos, whose prosperity was proverbial in other times, are in wretchedness and ruin, without hope for reconstruction. They do not see that at these centennial festivities there are, in addition to the foreigners, other guests imploring pity with hands outstretched in a gesture of despair."

Felix F. Palavicini, editor and owner of El Universal, of Mexico City, in a signed editorial published October 19, 1921, says:

"The Foreign Relations department has failed yet every one knows how serious a thing it is for Mexico to be lacking the friendship of the United States, England and France, and our foreign policy consists of nothing more than good administration at home; that is, vigilance over

and protection for foreign capital invested in Mexico. The government's agrarian policy has resulted in a scarcity of the prime necessities of life. The right of property has disappeared in Mexico, and there is no agricultural credit. If there is no guarantee for the possession of land, what hope is there for any citizen of fair legislation and justice? If this is a communist state, then we should amend our laws to conform. The Department of Agriculture is Mexico's greatest deterrent to amicable foreign relations, and the Department of Industry is of the same type."

These quotations are from the two leading newspapers of Mexico. Palavicini was a supporter of the revolution from the beginning, a member of one of the early Carranza cabinets and a delegate to the convention at Queretaro which framed the radical Constitution of 1917.

Optimistic statements from officials of the Mexican government and pronouncements that foreign interests in Mexico receive full protection, the enthusiastic published interviews of returned excursionists about the wonders and the prosperity and peace of Mexico should be paralleled with the editorials of these representative Mexican newspapers, and then perhaps the American public will begin to see the light. Confusion of public opinion in this country with regard to Mexico exists because Obregon propaganda purposely creates confusion by misrepresentation of the facts in order to obtain recognition without giving anything in return.

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